



Daily Report

China

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CONTENTS

18 July 1995

NOTICE: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Foreign Ministry Holds Regular News Conference	1
Views Biological Weapons, Missiles [AFP]	1
Further on Weapons [XINHUA]	1
Qian To Attend ASEAN Forum [XINHUA]	1
Indonesian Minister to Visit [XINHUA]	1
Further From Foreign Ministry [AFP]	2
Editorial Hails Jiang Zemin's European Tour [XINHUA]	2
Wei Jianxing Meets Trade Delegation [XINHUA]	3
Beijing To Host Asian Cooperation Conference [XINHUA]	3
Xiamen To Host International Seminars [XINHUA]	4
Beijing To Host Metrology Conference [XINHUA]	4
Reportage on Upcoming UN Women's Conference	4
Delegation Forms [XINHUA]	4
Conference Officials Meet [XINHUA]	5
Peng Peiyun Meets UN Official [XINHUA]	5
Chen Muhua Meets UN Official [XINHUA]	6
Security Council Condemns Bosnian Serbs [XINHUA]	6
'Roundup' Views West's Hesitation in Bosnia [XINHUA]	7
U.S. Restoration of Ties With Vietnam Viewed [Hong Kong TA KUNG PAO 14 Jul]	7

United States & Canada

Xu Kuangdi Attends San Francisco 'Shanghai Week' [Shanghai Radio]	8
---	---

Central Eurasia

Caucasian Summit To Focus on Regional Peace [XINHUA]	9
Wang Guangying Meets Lithuanian Amity Delegation [XINHUA]	9
Wang Hanbin Delegation Continues Eurasian Visit	9
Ends Lithuanian Visit [XINHUA]	9
Visits Ukraine, Meets Chairman [XINHUA]	10
Meets Premier Marchuk [XINHUA]	10
Correction to Jilin, Russian Maritime Kray Hold Border Talks	11

Northeast Asia

Wu Jieping Meets ROK, Japanese Visitors [XINHUA]	11
History, War Against Japanese Aggression Viewed [LIAOWANG 26 Jun]	11
Hu Jintao, Zhang Wannian at Kim Il-song Memorial [Beijing Radio]	13
Banquets Mark DPRK Friendship Anniversary [XINHUA]	13
Jilin Model Workers Group Returns From DPRK [JILIN RIBAO 6 Jul]	13
Yanji-Seoul Air Route Opens [XINHUA]	14
Comparison of Editorial Marks 7 Jul Incident Anniversary	14

Southeast Asia & Pacific

Beijing Refuses Negotiations on Paracel Islands [<i>Tokyo YOMIURI SHIMBUN</i> 16 Jul]	14
Li Tieying Meets Delegation From SRV Institute [<i>XINHUA</i>]	15
Peng Peiyun Meets Australia's Bilney [<i>XINHUA</i>]	15
Beijing, Australia Sign Cooperative Agreements [<i>XINHUA</i>]	15
Sub-Saharan Africa	
Tian Zengpei on Zhu Rongji's Upcoming African Trip [<i>XINHUA</i>]	16
Economic Factor Important in Zhu's African Tour [<i>XINHUA</i>]	17
Vice Premier Zhu Rongji Leaves on African Trip [<i>XINHUA</i>]	17
West Europe	
Changes in EU's Beijing Policy Welcomed [<i>CHINA DAILY (BUSINESS WEEKLY)</i> 16-22 Jul]	18
European Union's New China Strategy Viewed [<i>Hong Kong WEN WEI PO</i> 13 Jul]	18
Jiang Zemin Continues Visit to Germany	19
Visits Embassy Staff [<i>XINHUA</i>]	19
Jiang Visits German Firm [<i>XINHUA</i>]	20
Jiang Meets Businessmen [<i>XINHUA</i>]	20
Meets Leader of Bavaria [<i>XINHUA</i>]	21
NATIONAL AFFAIRS	
Political & Social	
Li Lanqing Encourages Graduates Headed for Tibet [<i>XINHUA</i>]	22
Foreign Investors Told To Stop Paying Bribes [<i>Hong Kong SOUTH CHINA MORNING POST</i> 18 Jul]	23
CPC Official Urges Self-Discipline in Leaders [<i>XINHUA</i>]	23
Chang Jiang Flood Levels Said Dropping [<i>XINHUA</i>]	24
Drought Dries Up 622-km Stretch of Yellow River [<i>XINHUA</i>]	24
Contemporary Significance of Confucianism Viewed [<i>RENMIN RIBAO OVERSEAS EDITION</i> 6 Jun]	24
Meeting on Inspection of Vehicle Cleanup Work [<i>XINHUA</i>]	25
QIUSHI No. 14 Table of Contents [<i>RENMIN RIBAO</i> 16 Jul]	27
Science & Technology	
Telephone Subscribers Increase in Number [<i>CHINA DAILY</i> 18 Jul]	27
Prize for Young Inventors Attracts Shanghai Youth [<i>XINHUA</i>]	28
Military & Public Security	
PLA Announces Missile-Launch Training [<i>XINHUA</i>]	28
Circular Warns of 'Hostile Foreign Forces' [<i>Hong Kong SOUTH CHINA MORNING POST</i> 18 Jul]	28
Zhang Wannian Stresses Professional Training [<i>XINHUA</i>]	28
Guangzhou MR Commander Attends Japan War Rally [<i>Guangzhou Radio</i>]	29
Yunnan Secretary, Governor Meet Local Army Leaders [<i>Kunming Radio</i>]	29
ECONOMIC AFFAIRS	
General	

Jiang Zemin on State-Owned Enterprise Reform [XINHUA]	31
Official Urges Good Management of State Enterprises [XINHUA]	38
Vice Minister Addresses Conference on State Firms [XINHUA]	38
State To Draft New Accounting Regulations [Hong Kong HONGKONG STANDARD (FINANCIAL REVIEW) 18 Jul]	38
Reform 'Must Not' Result in State Property Loss [XINHUA]	39
Foreign Cooperation Planned in Aviation [XINHUA]	39
Mobile Telecom Sector To Become 'Hot Spot' [XINHUA]	40
Industrial Output in Shandong Grows 15.3% [XINHUA]	40
Shanghai Statistics Bureau Reports 'Active' Markets [XINHUA]	41
XINHUA Carries Insurance Law	41

Foreign Trade & Investment

Li Peng Meets French Electric Company Leader [XINHUA]	55
MOFTEC Opens Up Import Market, Cuts Tariffs [CHINA DAILY 17 Jul]	55
Beijing Sends Group to U.S. Software Conference [XINHUA]	56
Sino-U.S. Venture To Produce Brakes in Shanghai [XINHUA]	56
Stores Told Not To Sell Expired Kraft Products [XINHUA]	56
European Patent Official Praises IPR Efforts [XINHUA]	57
Burmese Firm Signs Contract for Equipment [XINHUA]	57
Swedish Firm Seeking Cooperative Venture [XINHUA]	57
Toshiba Opens Large Transformer Subsidiary [XINHUA]	58
Shaanxi Plans To Expand Economic Development [CHINA DAILY 18 Jul]	58
'Substantial' Foreign Trade Growth in Tianjin [XINHUA]	58

Agriculture

Guangdong Peasants Reportedly Forced To Reuse Land [Hong Kong HSIN PAO (HONG KONG ECONOMIC JOURNAL) 6 Jun]	59
Fujian Farmers' Income Rises [XINHUA]	60
*Beijing Imports 850,000 Tonnes of French Wheat [ZHONGGUO XINWEN SHE]	60
*Henan Reports Summer Grain Output [ZHONGGUO XINXI BAO 19 Jun]	60
*1995 Agriculture Investment Reportedly Increased [NONGMIN RIBAO 21 Jun]	60

REGIONAL AFFAIRS

East Region

Fujian Secretary Stresses Development Efficiency [Fuzhou Radio]	63
Fujian Secretary Discusses Party Building [Fuzhou Radio]	63
Fujian Governor Discusses Ninth Five-Year Plan [Fuzhou Radio]	64
Campaign in Jiangsu's Xuzhou To Clean Up River [XINHUA]	64

Central-South Region

Hunan Secretary's Instructions on Flood Control [Changsha Radio]	65
Hunan Secretary, Minister on Enterprise Reform [Changsha Radio]	65
Hunan Secretary Urges Improving Party Building [Changsha Radio]	66
Guangdong Governor Addresses Economic Conference [Guangzhou Radio]	66
Guangxi Secretary Stresses Township Enterprises [Nanning Radio]	66

Southwest Region

Chinese, Foreign Journalists Arrive in Tibet [<i>XINHUA</i>]	68
XIZANG RIBAO Greets CPC Anniversary [<i>I Jul</i>]	68
Guizhou Government Briefs Media on Flooding [<i>Guiyang Radio</i>]	69
Guizhou CPC Starts New Party-Building Journal [<i>Guiyang Radio</i>]	70
Sichuan Secretary Commemorates CPC Anniversary [<i>Chengdu Radio</i>]	70
Yunnan To Increase Aid to Impoverished Areas [<i>Kunming Radio</i>]	71
Yunnan Secretary Hails CPC-CPPCC Cooperation [<i>Kunming Radio</i>]	71

North Region

Wei Jianxing Stresses Stability in Beijing [<i>XINHUA</i>]	72
Prospects for Poor Area in Shanxi Viewed [<i>XINHUA</i>]	72
Inner Mongolia Discovers Fertilizer Overpricing [<i>NEIMENGGU RIBAO 3 Jul</i>]	73

Northeast Region

Heilongjiang Governor on Township Industries [<i>Harbin Radio</i>]	74
--	----

Northwest Region

Abdulahat Abdurixit Discusses Xinjiang Economy [<i>XINJIANG RIBAO 18 Jun</i>]	75
Chinese, Japanese Youths To Camp in Qinghai [<i>XINHUA</i>]	76

PRC MEDIA ON TAIWAN AFFAIRS

Article Views Li Teng-hui's Money Diplomacy [<i>RENMIN RIBAO OVERSEAS EDITION 12 Jul</i>]	77
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TAIWAN

Winston Lord's Remark Inconsistent With Facts [<i>Taipei CHUNG-KUO SHIH-PAO 14 Jul</i>]	79
Reportage Covers Taiwan-Mainland Boat Incident	79
Trawler Harassed by Police [<i>CNA</i>]	79
More on Incident [<i>CNA</i>]	79
SEF Sends Letter in Reference to Shooting [<i>Taipei CHUNG-KUO SHIH-PAO 13 Jul</i>]	80
Mainland Urged To Lessen Hostility [<i>CNA</i>]	80
Taiwan To Seek Military Exchanges With Mainland [<i>Hong Kong EASTERN EXPRESS 18 Jul</i>]	81
Director Urges Monitoring of Mainland Calls [<i>Taipei TZU-LI WAN-PAO 11 Jul</i>]	81
Fifth Missile Frigate Christened, Launched [<i>Taipei CHUNG-KUO SHIH-PAO 14 Jul</i>]	82
Economic Conference With Philippines Opens [<i>CNA</i>]	82
President Sees Increasing Philippine Investment [<i>CNA</i>]	83
National Development Seminar Opens [<i>CNA</i>]	83
Taiwan Supplying Foreign Capital to East Asia [<i>CNA</i>]	84
Taiwan To Ease Restrictions on Foreign Insurers [<i>CNA</i>]	84
President Seeks Input on Overseas Development [<i>CNA</i>]	85
Chiang Pledges To Protect National Investors [<i>CNA</i>]	85
Chien Arrives in Guatemala [<i>CNA</i>]	86
Indonesia Seeks Agricultural Development [<i>CNA</i>]	86
Agricultural Imports Rising 'Steadily' [<i>CNA</i>]	86
Economic Ministry Notes Japanese Export Figures [<i>CNA</i>]	87
Council Encourages International Advertisement [<i>CNA</i>]	87
Bank To Issue NTS-Denominated Bonds in Aug [<i>CNA</i>]	88
Aviation Pacts With Hong Kong, Macao Due in Oct [<i>CNA</i>]	88

HONG KONG & MACAO

Hong Kong

Police 'Can Do Little' To Stop Boat Raids [<i>Hong Kong SOUTH CHINA MORNING POST 18 Jul</i>]	89
Patten May Appoint PWC Member to Council [<i>Hong Kong HONGKONG STANDARD 18 Jul</i>]	89
Panel To Review Scheme for PRC Professionals [<i>Hong Kong HONGKONG STANDARD 18 Jul</i>]	90
Barristers Urge Legco To Approve Court Bill [<i>Hong Kong SOUTH CHINA MORNING POST 18 Jul</i>]	90
Passport Holders May Need Visas After 1997 [<i>Hong Kong EASTERN EXPRESS 18 Jul</i>]	91

General

Foreign Ministry Holds Regular News Conference

Views Biological Weapons, Missiles

*BK1807092295 Hong Kong AFP in English
0904 GMT 18 Jul 95*

[FBIS Transcribed Text] Beijing, July 18 (AFP) — China on Tuesday angrily condemned as "utterly irresponsible" US accusations that it had conducted illicit biological weapons research and exported missile technology to Iran.

A US government report released last Friday said China and Russia had carried out such research in the 1980s, violating the 1972 Biological and Toxin Weapons Convention.

"It is groundless and utterly irresponsible for the United States to accuse China of making biological weapons," foreign ministry spokesman Shen Guofang said.

"On the contrary, for years there have been news reports about US research and manufacture of biological weapons," Shen said, adding that Washington should concentrate on mending the current rift in Sino-US ties rather than fuelling existing tensions.

Bilateral ties fell to a new low following last month's US visit by President Li Teng-hui of Taiwan, which Beijing views as a renegade province.

Washington should take "concrete and effective measures immediately to remove the grave consequences caused by the visit, instead of making unwarranted accusations against China on such sensitive issues," Shen said.

He also rejected accusations that China was selling weapons technology to Iran — an issue that has led to speculation about possible US sanctions.

"China has never exported any missile components or chemical weapons to Iran," he stressed.

Further on Weapons

*OW1807101095 Beijing XINHUA in English
0944 GMT 18 Jul 95*

["US Accusation Against China of Making Biological Weapons Groundless" — XINHUA headline]

[FBIS Transcribed Text] Beijing, July 18 (XINHUA) — Chinese Foreign Ministry Spokesman Shen Guofang pointed out here today that the accusation of the United States against China of making biological weapons is groundless and utterly irresponsible.

Shen made this remark here this afternoon at a press conference when asked to comment on a report published at a time of deteriorating Sino-US relations, in which the US Government accused China of violating Biological Weapons Convention, MTCR and NPT, according to Washington Post.

Shen said that for years, there have been news reports about US research and manufacture of biological weapons, and it is thus groundless and utterly irresponsible for the US to accuse China of making biological weapons.

He continued that by allowing Li Teng-hui to visit the US, the US Government has caused serious damages to the foundations of Sino-US relations.

He stressed that what the US side should do is to take concrete and effective measures immediately to remove the grave aftermath and consequences caused by the visit, instead of making unwarranted accusation against China on such sensitive issues as biological and chemical weapons, weapons proliferation and nuclear non-proliferation and, thus creating new troubles to Sino-US relations.

Qian To Attend ASEAN Forum

*OW1807100495 Beijing XINHUA in English
0949 GMT 18 Jul 95*

[FBIS Transcribed Text] Beijing, July 18 (XINHUA) — Chinese Vice-Premier and Foreign Minister Qian Qichen will lead a Chinese delegation to attend the opening and closing ceremonies of the 28th Session of the ASEAN Foreign Ministers meeting, to hold dialogue with ASEAN and to participate the 2nd ASEAN Regional Forum meeting to be held in Brunei Darussalam from July 29 to August 1.

This was announced here this afternoon at a press conference by Chinese Foreign Ministry Spokesman Shen Guofang.

Qian's trip to Brunei is at the invitation of Chairman of the ASEAN Standing Committee, Minister of Foreign Affairs Negara Brunei Darussalam Prince Mohamed Bolkiah, according to Shen.

Indonesian Minister to Visit

*OW1807094395 Beijing XINHUA in English
0928 GMT 18 Jul 95*

[FBIS Transcribed Text] Beijing, July 18 (XINHUA) — At the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen, Foreign Minister of the Republic of Indonesia Ali Alatas will pay an official visit to China from July 19 to 21.

This announcement was made by a Chinese Foreign Ministry Spokesman at a press conference here this afternoon.

Further From Foreign Ministry

*BK1807092895 Hong Kong AFP in English
0921 GMT 18 Jul 95*

[FBIS Transcribed Text] Beijing, July 18 (AFP) — China rejected Tuesday as "out of the question" the possibility of resuming talks with Taiwan, suspended last month by Beijing in protest against Taipei's efforts to win broader international recognition.

"So far the resumption of the talks is out of the question," said foreign ministry spokesman Chen Jian, referring to negotiations between China's semi-official Association for Relations Across the Taiwan Straits (ARATS) and its Taiwanese counterpart, the Straits Exchange Foundation (SEF).

China called off talks between the two bodies, set up to skirt around a ban on direct political ties between the long-time rivals, in retaliation for Taiwanese President Li Teng-hui's "private" US visit in early June and a subsequent three-nation European tour by Premier Lien Chan.

Lien and chairman of the island's top mainland policy planner, Vincent Siew, called separately Monday for talks to be resumed in order to smooth over political disputes and achieve the eventual reunification of the two sides of the Taiwan Strait.

China has regarded Taiwan as a renegade province, since the Nationalists fled to the island after losing a civil war to the mainland communists in 1949. Beijing has since banned nations with which it has diplomatic ties from maintaining official relations with Taipei.

Shen ruled out the possibility that Taiwan — which angered Beijing further by establishing official ties with Gambia last week — could win another diplomatic success by securing access for President Li to the Asia-Pacific Economic Cooperation (APEC) meeting in Osaka in Japan later this year.

"I believe that it is impossible for him (Li) to attend the informal leaders meeting of APEC, because the Japanese government has reiterated to us that it would follow the Seattle and Bogor model and would not violate the understanding reached between the various sides," he said.

At previous summits in Seattle and Bogor, Taiwan has attended as a "regional economy" and been represented by a minister.

Sino-Japanese relations were damaged last year when Tokyo permitted senior Taiwanese officials to attend the Asian Games in Hiroshima.

Editorial Hails Jiang Zemin's European Tour

*OW1707051895 Beijing XINHUA in English
0445 GMT 17 Jul 95*

[FBIS Transcribed Text] Beijing, July 17 (XINHUA) — The People's Daily today carried a front-page editorial, warmly congratulating Chinese President Jiang Zemin on his successful state visit to Finland, Hungary and Germany. The editorial, entitled "Looking Forward to the Future, Enhancing Mutual Understanding and Promoting Cooperation," reads in part as follows:

Chinese President Jiang Zemin has just wound up a state visit to Finland, Hungary and Germany, the first ever by a Chinese head of state to the three European countries. The visit is a major event in the annals of China's ties with these countries and has opened up a new chapter for bilateral relations and friendly cooperation. It will also further promote China's relationship with Europe as a whole.

China attaches great importance to the development of its relations with European countries. Building a friendly and cooperative relationship for the 21st century is an important objective of Jiang's European tour. Through extensive talks and meetings, Jiang and his hosts agreed that developing friendly cooperation not only serves the fundamental interests of their countries but also helps promote peace, stability and development in the world. The differences in social systems, cultural heritage and concepts of value should not get in the way of fostering nation-to-nation relations.

President Jiang devoted much of his in-depth discussions to the expansion of economic and trade cooperation with these countries. Since the end of Cold War, the economic factor has become increasingly important in international affairs and both China and European countries have focused greater attention on boosting their economic and trade cooperation.

The leaders agreed that there are great potentials and broad prospects for the development of bilateral economic and trade cooperation and that continued and concerted efforts should be made to expand the scope of and explore new ways for such cooperation. During the visit, Jiang met many businesspeople and toured some enterprises. Some economic and trade agreements, contracts and protocols were also signed. All this represents a new progress of China's economic and trade cooperation with these countries.

Safeguarding world peace, seeking common development and promoting the progress of humanity have become the common voice of the people of all countries and the main theme of the present-day world. However, despite the general easing of the world situation after the end of the Cold War, regional wars and conflicts do occur from time to time, hegemony and power politics still exist, and the world is by no means peaceful. In short, peace and development have to face formidable challenges.

Jiang's in-depth discussions also covered the current world situation and major international issues. All his hosts highly valued China's role and influence in international affairs. Both sides agreed that as two increasingly important forces in the volatile and multi-polarized world, China and Europe should strengthen their consultation and cooperation on international issues so that they can make greater contributions to world peace, stability and development.

During his visit, Jiang reaffirmed China's principled stand on the Taiwan issue. The government of the People's Republic of China is the sole legitimate government for the whole of China, with Taiwan being an integral part of the Chinese territory. The Chinese government and people will never allow any forces in the world to create "two Chinas" or "one China, one Taiwan" under any pretext.

The governments of all the three countries expressed respect for China's above-mentioned position and explicitly indicated that they would adhere to a one-China policy. The German leaders once again expressed gratitude for China's consistent backing for the German reunification and reiterated their country's support for China's unification. We are convinced that no attempt to block the historical trend and to impede and undermine the process of China's unification will succeed.

The world is heading toward the 21st century. How to make the 21st century a century of peace, stability, development and prosperity was again a major theme of Jiang's speech delivered in Germany. Jiang specified the basic principles that should be universally followed in international relations: peaceful solution to international disputes; non-interference in each other's internal affairs; respect for a nation's choice of its social system and road of development in accordance with its own national conditions; equality, mutual benefit and common development in nation-to-nation economic contacts and global or regional economic cooperation. These are also the guiding principles for China to develop relations with the countries in Europe and the rest of the world.

The principles reaffirmed by President Jiang indicate that China has always been a positive factor and a steadfast force in maintaining world peace and promoting common development. We believe that acting upon these principles, all the countries in the world will be able to get on well with each other and seek common development and prosperity through mutually beneficial cooperation and the 21st century will become a century of peace, stability, development and prosperity aspired by the people all over the world.

Wei Jianxing Meets Trade Delegation

*OW1707142295 Beijing XINHUA in English
1227 GMT 17 Jul 95*

[FBIS Transcribed Text] Beijing, July 17 (XINHUA) — Wei Jianxing, president of the All-China Federation of Trade Unions (ACFTU), met with and hosted a banquet in honor of a delegation from the World Federation of Trade Unions (WFTU) here this evening.

The seven-member delegation, headed by WFTU President Antonio Neto, arrived here today for a visit as guests of ACFTU.

Beijing To Host Asian Cooperation Conference

*OW1707083795 Beijing XINHUA in English
0749 GMT 17 Jul 95*

[FBIS Transcribed Text] Beijing, July 17 (XINHUA) — China will host a regional conference on development and co-operation among nations in Northeast Asia in November this year in a bid to boost co-operation in the area, officials announced.

The conference, to be held in Beijing, will discuss the feasibility of establishing a Northeast Asia bank and a Northeast Asia co-operation network in the region, according to sources at the Beijing-based China Northeast Asia Association for Technological and Economic Co-operation, which is a co-sponsor of the conference.

The Asia-Pacific region has taken the place of the Atlantic Rim as the most vigorous economy in the world since the beginning of the 1980s. The region, where China, Russia, the Korean Peninsula and Japan meet, is the fastest-growing area in the world, experts say.

Yang Shouzheng, former Chinese ambassador to the former Soviet Union and now head of the Beijing-based association, said that nations in the region have their advantages and disadvantages, and they should co-operate well with each other.

Places like Japan, the Republic of Korea, Hong Kong and Taiwan, are rich in capital and have high technology but are poor in natural resources and have limited

market potential. But areas like the far eastern part of Russia, though lacking capital and labor, have rich natural resources.

In addition, China has a large market and labor resources, but does not have sufficient capital and high technology, they say.

"All these areas can supply each other's needs," said Yang, noting that two economic rims, one around the Sea of Japan and one around the Bohai and Yellow seas, have taken shape.

The economic rim around the Bohai and Yellow seas has become a booming region. The Japanese Government plans to begin aviation co-operation, establish free trade zones and ports, and build railways linking Russia, the Korean peninsula, China and Mongolia.

In 1991 the United Nations Development Program (UNDP) proposed to set up a cross-nation economic co-operation and development zone on the lower reaches of the Tumen River. All the six nations involved in the northeast Asia, as well as Finland and Canada have joined in the program.

Experts estimate that by the year 2010 the gross domestic product of the region will reach 1.08 trillion U.S. dollars (in the constant price of 1990).

Xiamen To Host International Seminars

OW1607120995 Beijing XINHUA in English
0813 GMT 16 Jul 95

[FBIS Transcribed Text] Xiamen, July 16 (XINHUA) — The 19th IUPAP International Conference on Statistical Physics and 46th conference of International Society of Electrochemistry (ISE) will soon be held in Xiamen University in east China's Fujian Province.

Some 1,000 scholars from around the world, including Nobel Prize winner Chen Ning Yang, will attend the 19th IUPAP International Conference on Statistical Physics, an annual meeting under the International Union of Pure and Applied Physics (IUPAP) and the International Union of Pure and Applied Chemistry (IUPAC). The conference, to be held in Xiamen from July 31 through August 4, is held every three years on every continent in turn and it will be the second of its kind in Asia.

So far, more than 830 papers have been submitted to the conference, over 600 of which are from overseas. And six relevant satellite conferences will be held in India, the Republic of Korea, Japan, Hong Kong, Taipei and Tianjin.

The 46th ISE conference, to be held from August 28 through September 1, is the first of its kind in China

and second in Asia. Scientists from 53 countries and regions have applied for the conference, and the number of overseas scholars is expected to reach some 600. More than 900 papers have been turned in.

Chemists of international fame will lecture the conference. Three satellite conferences will be held in Moscow, Hong Kong and Beijing.

Beijing To Host Metrology Conference

OW1807085495 Beijing XINHUA in English
0817 GMT 18 Jul 95

[FBIS Transcribed Text] Beijing, July 18 (XINHUA) — More than 100 experts in legal metrology from some 80 countries and regions will attend the 30th conference of the International Organization of Legal Metrology (OIML), to be held here in September this year.

It is the first time for China to host a large-scale conference of its kind. A related forum for the Asia-Pacific region will be held here at the same time.

Metrology is an important technical foundation for the development of economy and trade, and the unification of international measurements is an effective way to break trade barriers, according to a senior official of the State Bureau of Technical Supervision.

The OIML, set up in 1955, is aimed at coordinating technology and management related to the manufacturing, use and examination of metrological instruments. China is one of its 49 members.

Advanced instruments and techniques will be displayed during the conferences.

China will also mark the tenth anniversary of its Measurement Law September 6.

Reportage on Upcoming UN Women's Conference

Delegation Forms

OW1407131295 Beijing XINHUA in English
1255 GMT 14 Jul 95

[FBIS Transcribed Text] Beijing, July 14 (XINHUA) — The Chinese delegation to attend the UN's Fourth World Conference on Women (FWCW) was formed here today.

The delegation is composed of 83 people, including members of the Chinese Committee of the FWCW's preparatory committee and representatives of all provinces, autonomous regions and municipalities, and of all walks of life.

The delegation is headed by Chen Muhua, vice-chairman of the Standing Committee of the National

People's Congress and president of the All-China Women's Federation, with Peng Peiyun, State Councillor and director of the Women and Children's Coordination Committee under the State Council, He Luli, deputy mayor of Beijing, and Li Zhaoxing, deputy minister of foreign affairs, as the deputy heads.

Other members include government ministers, deputy governors, scientists and a small number of male delegates.

Conference Officials Meet

OW1507130295 Beijing XINHUA in English
1220 GMT 15 Jul 95

[FBIS Transcribed Text] Beijing, July 15 (XINHUA) — Both Chinese and UN officials expressed here today their full confidence in the successful convocation of the Fourth World Conference on Women, which will be held here from September 4 to 15.

The confidence was expressed during the talks between Li Zhaoxing, vice-chairman of China Organizing Committee of the Fourth World Conference on women, and Mrs. Gertrude Mongella, head of the study tour group from the United Nations and secretary-general of the conference.

The UN study tour group was satisfied with the preparations that China has been making for the conference, official sources said.

Li, also vice-minister of foreign affairs, said that the Chinese Government and people attach great importance to this women's conference, offering both financial and material aid to its preparatory work.

At the same time, the Chinese side has been giving wide publicity to the importance of the conference in a bid to arouse the whole society's attention to the issue on women, he said, adding that this conference has received enthusiastic response in China and won the resolute support from the entire people of the country.

Li said that the Chinese Government has always placed great importance on the positive role that the Non-Governmental Organizations (NGO) has played in raising the status of women.

China, as the host country, also attaches importance to the preparations for the NGO forum, he added.

Li noted that China has made great progress in its preparatory work for the conference since the second visit by the UN study tour in June last year, especially since UN Secretary-General Butrus Butrus-Ghali and the Chinese Government signed an agreement last September on designating China as the host country for the conference.

As the conference is approaching, he said, China will do everything possible according to the UN requirements so as to make the conference and the forum a great success.

Mrs. Mongella said that she has inspected facilities for both the conference and NGO forum after her arrival here.

"I am very satisfied with remarkable preparations that the Chinese Government and China Organizing Committee of the conference have made, particularly with preparations for the NGO forum," she said.

"I can make an announcement to the world that any worries about the relevant facilities for the NGO forum are uncalled-for," she stressed.

She thanked the Chinese Government and China Organizing Committee for their firm support for the conference. She also appreciated the efforts the Chinese Government has made in raising the status of women.

Mrs. Mongella described cooperation between the UN and the Chinese Government in preparatory work for the conference as "fruitful", saying: "We have shared one goal and are working to this end."

Through the inspection tour, she said: "We are confident of the success of the conference."

At the end of the talks, Mongella said: "In terms of preparatory work, our creation has almost been completed. What shall we do now is to 'add the touch that brings a work of art to life'".

"Our two sides should become one team and work together for a common goal," she stressed.

After its arrival here on July 12, the Study Tour Group has inspected the site of the international convention center for the women's conference and the site for the NGO forum as well.

It has also held talks here with the subsidiary functional committees of China Organizing Committee.

Peng Peiyun Meets UN Official

OW1507132695 Beijing XINHUA in English
1307 GMT 15 Jul 95

[FBIS Transcribed Text] Beijing, July 15 (XINHUA) — Chinese State Councillor Peng Peiyun met with Mrs. Gertrude Mongella, Visiting Secretary-General of the UN Fourth World Conference on Women, and her party at the Great Hall of the People here this afternoon.

Both pledged their commitment to cooperating closely for the successful convocation of the UN Fourth World Conference on Women.

Peng, also Chairman of China Organizing Committee of the Conference, said that the Chinese Government and the Organizing Committee attaches great importance to the conference.

China, as a host country, will do its utmost to make preparations for the conference to meet the requirements set by the United Nations, she said.

The Chinese side appreciates the efforts Mrs. Mongella has made in making preparations for the conference, especially her visit to many countries in publicizing the significance of the conference, Peng said.

China Organizing Committee of the conference will closely cooperate with the Secretariat of the United Nations to make the conference a complete success.

Mrs. Mongella said that the Secretariat of the conference thanked the Chinese Government and the China Organizing Committee for their full preparations for the conference.

"After inspecting the facilities of the site in Huairou for the Non-Governmental Organizations Forum, I am very satisfied and I have the full confidence in the success of the conference," Mrs. Mongella said.

Mrs. Mongella told Peng that after leaving Beijing, she is scheduled to visit some countries in Asia, Europe, Africa and America and will tell the people in those countries, including men and women that Beijing is well prepared for the successful convocation of the conference.

She said that the Secretariat of the conference will closely cooperate with the Chinese side before and during the conference and contribute to the promotion of the women's cause in the world.

Chen Muhua Meets UN Official

OW1607052895 Beijing XINHUA in English
0511 GMT 16 Jul 95

[FBIS Transcribed Text] Beijing, July 16 (XINHUA) — Chen Muhua, vice-chairman of the Standing Committee of the Chinese National People's Congress (NPC), met with Mrs. Gertrude Mongella, head of the study tour group from the United Nations and secretary-general of the UN Fourth World Conference on Women, and her party here today.

Chen, also head of the Chinese delegation to the conference, discussed with Mongella the meeting's preparatory work, with both sides expressing the hope that its success will contribute to women's cause over the globe, and in developing countries in particular.

The Chinese government attaches great importance to the UN women's conference, Chen said, adding that

the government and people have lent enormous support to the conference.

Since the signing of the host country agreement, the Chinese government and China Organizing Committee of the conference have cooperated closely with the United Nations and the Secretariat of the conference, and have done a great deal of preparatory work in accordance with the agreement, Chen said.

"I am pleased that you and your group feel satisfied with our preparatory work," Chen told Mrs. Mongella, adding that she was confident in the success of the conference.

Chen also said that she would work closely with the Secretariat and Mrs. Mongella during the conference, and expressed the hope that both sides would make concerted efforts for the success of the conference.

Mrs. Mongella said that after inspection she felt very satisfied with China's preparatory work. This shows cooperation between the United Nations and China has been fruitful, she noted.

Mrs. Mongella expressed thanks to the Chinese government's support to the conference, as well as her appreciation for its organization ability.

She told Chen that she was confident in the conference and its complete success.

Security Council Condemns Bosnian Serbs

OW1407235595 Beijing XINHUA in English
1943 GMT 14 Jul 95

[FBIS Transcribed Text] United Nations, July 14 (XINHUA) — The UN Security Council on Friday [14 July] demanded that Bosnia Serbs respect fully the rights of the civilian population from the Srebrenica and other persons protected under the international humanitarian law.

It asked them to permit access by the International Committee of the Red Cross.

The Council condemned the Bosnian Serbs for their recent conduct in and around UN safe haven of Srebrenica.

"The Council is deeply concerned about ongoing forced relocation of tens of thousands of civilians from the Srebrenica safe areas to the Tuzla region by the Bosnian Serb party," said a presidential statement of the Security Council.

"Such a forced relocation is a clear violation of the human rights of the civilian population," the statement added.

The Council reaffirmed that those who had committed or had ordered the commission of "ethnic cleansing" would be held individually responsible.

It also reiterated its demand that the Bosnian Serb forces immediately and unconditionally release unharmed all detained personnel of the United Nations Protection Force (UNPROFOR), and that the parties respect fully the safety of all UNPROFOR personnel and ensure their complete freedom of movement.

'Roundup' Views West's Hesitation in Bosnia

*OW1807054895 Beijing XINHUA in English
0519 GMT 18 Jul 95*

[*"Roundup: West Hesitates Over Steps To Be Taken in Bosnia" — XINHUA headline*]

[FBIS Transcribed Text] Paris, July 17 (XINHUA) — The Bosnian Serbs' seizure of the UN-designated safe area of Srebrenica provoked a strong reaction from the West, which believed that the situation in Bosnia has reached a "turning point."

At a meeting in Brussels today, foreign ministers of the 15 member states of the European Union (EU) expressed their determination to maintain the two UN safe areas of Gorazde and Sarajevo in eastern Bosnia.

France, the largest contributor to the UN peacekeeping force in Bosnia, proposed on July 15 that firm and limited military action be taken to protect the UN safe areas in Bosnia. It also declared its readiness to use its rapid reaction force to recover the UN safe haven of Srebrenica.

On July 16, the top brass of the French, British and U.S. armed forces gathered in London to discuss a detailed plan proposed by France and possible military actions. The meeting was to prepare recommendations to a meeting to be held in London on July 21 of foreign and defense ministers from countries related to the Bosnia conflict.

It was reported that the French plan, presented at the meeting by French Chief of Staff Jacque Lanxade, is to prevent the Bosnian Serbs from capturing Gorazde, a safe area controlled by British peacekeepers, and promote a solution to the Bosnian conflict through diplomatic means backed by "limited military action."

If the West wants to defend Gorazde, it will have to send additional troops to the area. The dispatch of 1,000 more French troops was one of the topics when the chiefs of the armed forces of the three countries met in London on July 16.

France has no choice but to airlift their troops to Gorazde because the roads to the city are controlled

by the Serbs. But neither France nor Britain has the capability to airlift their troops and equipment to the area in a short period of time.

Therefore, France asked the U.S. to help them by using CH-47 helicopters. French Foreign Minister Herve de Charette said today that a decision on the matter should be made soon, but his country can not act alone.

Meanwhile, Charette's British counterpart Malcolm Rifkind also stressed that all this depends on the U.S. but the U.S. stance on the matter is not clear because Washington does not want to be involved in the escalation of the conflict in Bosnia.

Commenting on today's EU foreign ministerial meeting in Brussels, Charette said that the participants reached a consensus on the defense of Gorazde and Sarajevo, but no one was interested in taking back Srebrenica.

On the same day, Russian Foreign Minister Andrey Kozyrev stressed in Brussels that the best thing to do is to help find a political solution to the Bosnia conflict.

German Foreign Minister Klaus Kinkel noted that Gorazde and Sarajevo can be defended by military means but the international community should demonstrate its political will to do so.

As the Western countries, especially France, Britain and the United States, are divided over what steps should be taken in Bosnia, it is impossible for the countries concerned to find a solution to the three-year-old Bosnia conflict by holding just one meeting.

U.S. Restoration of Ties With Vietnam Viewed

*HK1807080595 Hong Kong TA KUNG PAO
in Chinese 14 Jul 95 p A5*

[*"Political Talk" column by Shih Chun-yu (2457 0689 3768): "Normalization of Diplomatic Relations Can Hardly Work Off Grudge Left by War"*]

[FBIS Translated Text] 10-Year-Old Bloodshed Has Left a Deep and Painful Wound

Vietnamese Prime Minister Vo Van Kiet delivered a speech on 12 July regarding the announcement by Vietnam and the United States of their agreement to establish diplomatic relations. He stressed that Vietnam would continue to follow its omnidirectional diplomatic policy. Vo Van Kiet's statement also said: Vietnam is ready to hammer out with the United States a new framework for bilateral relations based on equality, mutual respect for each other's independence and sovereignty, mutual benefit, and universal norms of international laws.

Washington, Hanoi, and the ASEAN countries warmly welcomed this above news, and hoped for new economic development in Southeast Asia.

However, a close look at the social strata in Vietnam and the United States will show that the wound left by the war between the two countries can never be healed in a short period.

A Bronze Statue to Nguyen Van Truy [ruan wen zhu 7086 2429 6620] Still Stands Where It Always Has

From 1964, when the United States was formally involved in the Vietnam war, to April 1975, when the Vietnamese People's Army liberated Saigon, 58,000 U.S. soldiers and 3.5 million Vietnamese were killed in the war. The wounds of this war still can be seen everywhere in Vietnam, and more than 1 million boat people have gone into exile. The U.S. air bombardment of northern Vietnam and the inhuman napalm bombs and toxicants that devastated vast areas of Vietnam during the 10-year Vietnam war all left bitter memories for the Vietnamese people.

In the Lenin Park in central Hanoi stands a bronze statue to the memory of Nguyen Van Truy, with a inscription which reads "Nguyen Van Truy's spirit is immortal." In 1964, when then U.S. Secretary of Defense Robert McNamara came to Saigon in South Vietnam, Ngyen, a young student, tried to kill him with a bomb, but failed and was arrested. He later was executed by the South Vietnamese Government. He was commended by the Vietnamese people for his sacrifice in the interest of their country. This event, which happened 30 years ago, has left only faint memories in the minds of Vietnamese youth, which accounts for the majority of the population.

Robert McNamara, who escaped the bomb attack, has written a memoir of the Vietnam war, saying frankly that it was wrong for the United States to enter the Vietnam war. He clearly knew that it was a mistake at that time, but as secretary of defense he could only continue the slaughter, instead of correcting the mistake.

While 56,000 [number as published] U.S. soldiers were killed in the Vietnam war, hundreds of thousands were injured. They courted death for "democracy and liberty" of the U.S. type. Up to now, 2,200 U.S. soldiers remain missing, pitifully becoming "husbands dreamt of by their lonely wives back home." A greater number of demobilized soldiers and youth are still haunted by the specter of the Vietnam war. They evade military service, join hippy groups, take drugs, indulge in excessive drinking, commit offenses, and engage in promiscuity.

In fact, many social "scourges" in the United States are rooted in the Vietnam war.

Comments of U.S. and Japanese Scientists

Though Clinton announced his decision to restore diplomatic ties with Vietnam using high sounding words, saying the move "is not directed against any third party," someone has uncovered his design. Former U.S. Defense Secretary Richard Armitage [li cha a mi tai ji 6849 1390 7093 4717 3141 1015], who was responsible for security in East Asia and the Pacific region, said: "By normalizing its relations with Vietnam, the United States will have more good tools to hand in formulating its China policies. The United States must not join other countries in blockading China, but must let China know that it will encounter resistance if it takes unfriendly steps in East Asia."

When commenting on the establishment of diplomatic ties between the United States and Vietnam, Sho Saihara [xi yuan zheng 6007 3293 2973], chief of the First Research Department of the Japan Defense Research Institute, said: "The hidden objective of this move is to contain China. The United States will not directly provide aid in defense to Vietnam, but the move has constituted spiritual pressure on China. From a medium- and long-term point of view, the United States will sell Vietnam hi-speed boats to update its naval force." This covert development will not be brought into the open for the moment, but will "make its appearance" in countering China later.

United States & Canada

Xu Kuangdi Attends San Francisco 'Shanghai Week'

OW1807014895 Shanghai People's Radio Network in Mandarin 2300 GMT 15 Jul 95

[From the "990 Morning News" program]

[FBIS Translated Text] To mark the 15th anniversary of sister-city ties between Shanghai and San Francisco in the United States, the two cities have decided to hold a large-scale "Shanghai Week" in San Francisco from 16-22 July. Mayor Xu Kuangdi-led Shanghai Municipality goodwill mission and other delegations, including trade and economy, investment solicitation, and culture with members totalling over 200 left Shanghai for San Francisco yesterday.

The "Shanghai Week" will be held on a grand-scale, comprehensive basis, covering such fields as commerce, economics and trade, culture, and art. Among economic and trade activities, there will be commodities trade fairs, trade and investment forums, and an introduction

to Pudong, with over 1,000 categories of merchandise on display. There will also be investment solicitation sessions for nearly 400 projects. Other activities during the "Shanghai Week" include acrobatic shows, folk performances, a (Zhu Qizai) art exhibition, and fashion shows.

Mayor Xu Kuangdi will present special reports entitled "Shanghai — Toward the 21st Century," and "Pudong — Development With a World Vision."

Also in the delegation are (Zhou Muyao), municipal government deputy secretary general; Xu Zhaochun, municipal government Foreign Affairs Office director; Wang Zukang, municipal Foreign Economic Relations and Trade Commission chairman; and Hua Yuda, municipal Science and Technology Commission chairman. Station reporter (Yao Shukun) also left for San Francisco with the delegation yesterday to cover "Shanghai Week" activities there.

Central Eurasia

Caucasian Summit To Focus on Regional Peace

OWI1707023195 Beijing XINHUA in English
0157 GMT 17 Jul 95

[FBIS Transcribed Text] Moscow, July 16 (XINHUA) — A Caucasian summit will be held in Russia's Black Sea resort of Sochi in September to discuss the issue of realizing peace in the volatile Caucasian region.

This was announced by Vladimir Shumeyko, Chairman of the Russia's Federation Council (upper house of parliament), today after finishing his trips to the former Soviet republics in Transcaucasia — Armenia, Azerbaijan and Georgia.

Shumeyko noted that mandated by Russian President Boris Yeltsin, he submitted Yeltsin's proposal for the summit to the leaders of the three countries, who had all agreed to attend the summit.

Economic development and social stability in the Caucasian region have been seriously devastated by turmoils as a result of separatist drives and ethnic conflicts in the region since the former Soviet Union disintegrated.

Shumeyko said that priority should be given to the resettlement of refugees in the region. It was reported that there are one million refugees in Azerbaijan alone, 100,000 in Georgia and 60,000 in northern Ossetia, Russia.

Wang Guangying Meets Lithuanian Amity Delegation

OWI1707123095 Beijing XINHUA in English
0853 GMT 17 Jul 95

[FBIS Transcribed Text] Beijing, July 17 (XINHUA) — Wang Guangying, vice-chairman of China's National People's Congress Standing Committee, met with a delegation from the Friendship Association with Foreign Countries of Lithuania led by its Chairman Bronislovas Genzelis.

The delegation arrived here on Sunday [16 July] as the guest of the Chinese People's Association for Friendship with Foreign Countries.

During their stay here, the visitors will hold talks with leading members of the host association on cooperation between the two friendship organizations and sign a three-year program for their cooperation.

Wang Hanbin Delegation Continues Eurasian Visit

Ends Lithuanian Visit

OWI1807112195 Beijing XINHUA Domestic Service in Chinese 0822 GMT 14 Jul 95

[By reporter Xie Rong (6200 2837)]

[FBIS Translated Text] Vilnius, 14 Jul (XINHUA) — The delegation of the Chinese National People's Congress [NPC] headed by Wang Hanbin, vice chairman of the NPC Standing Committee, concluded its five-day official goodwill visit to Lithuania and left Vilnius, capital of Lithuania, this morning.

During his visit to Lithuania, Vice Chairman Wang Hanbin met and held talks with Ceslovas Jursenas, chairman of the Lithuanian Parliament, and Lithuanian Prime Minister Slezevicius. The Chinese NPC delegation also had separate meetings with the Foreign Affairs Committee of the Lithuanian Parliament and parliamentary representatives of the ruling Lithuanian Democratic Labor Party and the opposition party.

During these meetings and talks, both sides expressed satisfaction with the developments in Sino-Lithuanian relations since their normalization of relations in the autumn of 1991, and proposed that they further develop their friendly and cooperative relations in the fields of economic affairs, trade, science, technology, education, and culture. The host and the guest also briefed each other on their respective domestic political and economic situations, the structure and work of their respective parliaments, and exchanged views on international issues of common concern.

During the meetings and talks, Vice Chairman Wang Hanbin repeatedly indicated that China attaches importance to developing relations with new independent republics under the former USSR, including Lithuania. He believed that the Chinese NPC delegation's visit to Lithuania would be conducive to enhancing the understanding and friendship between the governments, parliaments, and peoples of the two countries and to promoting the development of bilateral relations.

The Chinese NPC delegation arrived in Vilnius for a visit after ending its visit to Latvia on 10 July. It will also go to Ukraine for an official goodwill visit.

Visits Ukraine, Meets Chairman

*OW1807031495 Beijing XINHUA in English
0238 GMT 18 Jul 95*

[FBIS Transcribed Text] Kiev, July 17 (XINHUA) — China and Ukraine share many common grounds and the two countries should further expand their friendly relations, Wang Hanbin, visiting vice-chairman of the Standing Committee of the National People's Congress (NPC) of China, said today.

Meeting with Chairman of Ukraine's Supreme Soviet Oleksandr Moroz, Wang said that as they have no conflicts of fundamental interests, Ukraine and China have been developing a healthy relationship ever since 1992 when the two countries established diplomatic ties.

His visit was designed to strengthen especially friendship between the two countries' parliaments, he added.

Moroz agreed that China and Ukraine have enjoyed a long-term and stable friendship with frequent high-level contacts.

To develop friendly relations with China is one of the priorities of Ukraine's foreign policy, Moroz said, adding that his parliament is making efforts to build a legal basis for such development.

He told Wang that the Ukrainian Parliament has recently set up a special group to be in charge of developing relations with China.

When Moroz said he was interested in the legislation the NPC has adopted since China began to follow the policy of reform and opening up to the outside world, Wang briefed him on the progress the NPC has made in recent years.

Wang stressed that the NPC's focus in the recent two years was on helping establish a socialist market economy.

Also today, Wang met with Ukrainian Foreign Minister Hennadiy Udovenko. They agreed that it was of great

importance for both countries to further develop their relations.

Meets Premier Marchuk

*OW1807034295 Beijing XINHUA in English
0305 GMT 18 Jul 95*

[FBIS Transcribed Text] Kiev, July 17 (XINHUA) — Ukraine adheres to its position on the Taiwan issue, recognizing the People's Republic of China as the sole legitimate government of China, of which Taiwan is an inseparable part, Ukrainian Prime Minister Yevhen Marchuk said today.

Marchuk made the remark in a meeting with Wang Hanbin, vice chairman of the Standing Committee of the National People's Congress (NPC) of China.

Marchuk told Wang that Ukraine was satisfied with the continued development of Sino-Ukrainian relations in recent years.

The two countries have carried out substantial cooperation in all fields since they established ties three years ago, Marchuk said.

"In view of the current development of Ukrainian-Chinese relations, both countries have every reason to regard each other as a friendly country and a reliable partner," he added.

Marchuk said that friendly cooperation between China and Ukraine is reflected not only in the expansion of their ties but also in world affairs, adding that the two countries share common or similar views on many global and regional issues.

Speaking of Ukraine's economic and trade relations with China, Marchuk pointed out that there is great potential for expanding cooperation between the two countries in the fields of economy and trade.

Among the former Soviet republics, Ukraine is China's second-largest trading partner, with Russia being the largest.

The volume of trade between the two countries, which reached 837 million U.S. dollars in 1994, is expected to top 1 billion by the end of this year, Marchuk said.

To promote the two countries' economic and trade ties, Marchuk suggested giving priority to expanding cooperation in space, ship building and electronic industries, restructuring imports and exports, and strengthening the exchange of technologies.

The Ukrainian prime minister also expressed his belief that a visit by Ukrainian President Leonid Kuchma to China, scheduled for the end of this year, will surely usher in a new stage of bilateral relations.

For his part, Wang Hanbin said there is a good foundation for developing Sino-Ukrainian relations, adding that his current tour is aimed at promoting mutual understanding.

The Chinese government supports Ukraine's independence and territorial integrity, and believes the so-called Crimea issue is an entirely internal affair which ought to be solved by Ukraine alone, Wang said.

Correction to Jilin, Russian Maritime Kray Hold Border Talks

SKI407012595

The following correction pertains to the item headlined "Jilin, Russian Maritime Kray Hold Border Talks" published in the 13 July China DAILY REPORT, pages 12-13:

Page 12, column two, last paragraph, sentence two, make read: Acting Governor Wang Yunkun, Vice.... (correcting spelling of name here and throughout entire item.)

Northeast Asia

Wu Jieping Meets ROK, Japanese Visitors

**OW1707080795 Beijing XINHUA in English
0750 GMT 17 Jul 95**

[FBIS Transcribed Text] Beijing, July 17 (XINHUA) — Wu Jieping, vice-chairman of the Chinese National People's Congress (NPC) Standing Committee, met here today with a delegation from the National Council of Youth Organizations of the Republic of Korea (ROK), headed by its President Kim Chip.

On another occasion here today, Wu also met with a delegation from the National Council of Youth Organizations in Japan, which was led by its chairman Shigeo Ohno.

The ROK and Japanese visitors are here as guests of All-China Youth Federation.

History, War Against Japanese Aggression Viewed

**HK1807085095 Beijing LIAOWANG in Chinese
26 Jun 95 No 26, pp 54, 55**

[From the "International Commentary" column, article by Wei Yang (2607 5017): "Keep Watch on Japan's Movement"]

[FBIS Translated Text] The "Resolution Reasserting Peace Resolve by Drawing a Lesson From History," which recently was adopted by the Japanese House of Representatives, has aroused much controversy among Asian nations. It should be said that Prime Minister

Tomiichi Murayama had a good motive when he took the initiative to work out such a resolution. However, people were amazed at the fact that this event was so controversial in Japan and that the final version of the resolution was so evasive. The original idea of adopting such a resolution was for introspection, but it is a pity that it has turned out to be a defense, thus making Japan's Asian neighbors more anxious and placing an even heavier historical burden on Japan than before!

The Chinese people have noticed for a long time that since Japan's full-fledged growth in the 1980's, some people have begun to make efforts to reverse the conclusions on World War II and the war of invasion against China. First they revised textbooks and rephrased "invading" China as "entering" China; then some people said the Nanjing Massacre was "nonsense." Cabinet members successively visited the Yasukuni Shrine to comfort the souls of Tojo Hideki and other sinners condemned by history. The Chinese people also have noticed that none of the members of Japan's previous cabinets ever acknowledged that the war against China was a war of invasion, and that they said, at most, that there had been "aggressive acts." Only when former Prime Minister Morihiro Hosokawa took office did he say that it was a "war of invasion," but this formulation has never been mentioned again since then. Moreover, the Japanese authorities explained on many occasions that it was only his personal view, which could not stand for the government's. This time, the Japanese rightists launched the most concentrated, outstanding, and unbridled activities to reverse the conclusions on the war.

First, the number of people objecting to the adoption of the resolution was unexpectedly large. The "Alliance of Liberal Democratic Party [LDP] Diet Members at the 50th Anniversary of the End of WWII" consists of 161 LDP diet members, which is about half the total number of LDP diet members, and even Minister of International Trade and Industry Ryutaro Hashimoto also has joined the group. The Alliance launched a campaign to oppose the resolution, in which the signatures of 4.56 million people were collected. Among them, the key forces were a 1.4 million-strong organization called the "Society of Descendants" [yi zu hui 6695 2469 2585]. As there is such a large group of people, they can no longer be described as "a minority" or "few people." We should be soberly aware that this is a hardly negligible force.

Second, there was a more concentrated call for a so-called "re-examination of history." Some people said that "aggressive acts" against China did take place, but that the purpose was not to go to war against China. Some people said that Japan unleashed the war for self-defense reasons. Still others said that the so-

called Great East-Asian War was a war to liberate colonies. They worried that there would be no way to reverse the conclusions on the war if the Diet were to adopt the resolution. Seisuke Okuno, the leader of the Alliance, who was very straightforward, said: "Adopting an apology resolution or a no-war resolution will blemish the history of Japan." His remark sounds a bit strange, but people like Okuno have their own logic. Every aggressor and fascist in history has believed that written lies could blot out blood-tainted history. As they are painstakingly using written lies to alter their own bloody history bit by bit, how could they tolerate making a correct and legally binding summary of this infamous history?

However, they are politicians, after all, and their words, no matter how candid, are still uttered in a tactical manner, whereas the remarks made by the rightist press in Japan are far clearer, and can serve to footnote their words. For example, the journal FINANCIAL CIRCLES [cai zheng jie 6299 2398 3954] published a long article last March called "The 'Akiwa [zhao huo 2507 0735 — the title of Emperor Hirohito's reign] War' Re-examined." Please notice how this queer article interpreted the 18 September Incident. It said: "Indeed, in the modern world, the idea of taking Manchuria, which is part of China, as 'Japan's lifeline' also may be considered aggression, but one thing that should not be neglected is that during the Manchurian Incident, Japan had already had a 'special treaty status' there," that is, Japan had "the right to rent Lushun and Dalian, as well as 'treaty-endorsed' rights and interests, such as those on railways south of Changchun," and the "anti-Japanese movement in China was, in fact, unlawful acts defying treaty relations at that time." The article concluded that the 18 September Incident was "the outcome of violent clashes in which the Japanese nation's vitality in seeking development was met with resistance." No words in the world other than these remarks can best portray the features of an aggressor, can they? It attacked its neighbor's territory, and the latter's discontent was nothing but "illegal acts" because it had "treaty-endorsed rights and interests." But how did it get those rights and interests? In 1894, 101 years ago, the Japanese Army attacked and occupied Dalian and Lushun. At that time, Lushun was still a place with a small population, and during the Japanese Army's massacre in the city, more than 18,000 people were killed like livestock, many bodies were mutilated, and 36 people were lucky enough to survive merely because the Japanese Army ordered them to bury the bodies. Not long ago, a mass grave was discovered in Lushun, and many of the dead were women and children, rather than soldiers, as certain Japanese historians have claimed. Later, the Japanese fleet defeated the Qing Dynasty's Northern

Fleet, and forced the Qing Government to sign the Treaty of Shimonoseki, ceding the Liaodong Peninsula, Taiwan, and the Penghu Islands. Only when some other bandits' interests were damaged did Japan give up the Liaodong Peninsula, but it still took 30 million taels of white silver in exchange. As the press in Japan is so unbridled in defending the invasion in those days, and in connection with it, the Japanese Navy is developing its ocean-going combat capability, China and other Asian countries should watch out for this, should we not?

Regarding the Lugouqiao Incident, which occurred on 7 July 1937, the queer article claimed that at the outset, the Japanese Army "had not taken any positive moves other than taking up the gauntlet," "but Jiang Jieshi [Chiang Kai-shek] did not want to settle the incident," and the CPC also issued a telegram and the "Declaration on Resisting Japan" on the following day and on 23 July, respectively. "Afterward, the Chinese side provoked a number of battles and incidents" and "the Incident tended to deteriorate," "so the operations cannot be simply described as an 'invasion.'" Those who have read these comments would mistakenly believe that the Chinese Army was "provoking" its Japanese opponent in Kyushu or somewhere in space, but the fact is that the Japanese Army took provocative actions near Beijing, the ancient capital of China. Why did FINANCIAL CIRCLES try so vigorously to provide an explanation? Because subconsciously it considered that China was not entitled to talk about sovereignty, and as the Japanese nation was brimming with the vitality of outward growth (why not directly say "expansion?"), they could do whatever they liked anywhere in the world and should not resisted. On the day marking the 58th anniversary of the Lugouqiao Incident, it will be good for the Chinese and other Asian peoples to read these comments.

Looking at the controversies aroused by the Japanese Diet resolution and by the clamorous calls made by the rightist press, it is easy for us to discern the following hard fact: the atmosphere spreading over the Japanese islands is very ominous and unhealthy, so that some people in Japan too are worried that neo-fascism may emerge in the country. Many Asian countries, which are on guard against it, are paying close attention to every move taken there. We, the Chinese, always lay stress on allegiance and forgiveness. What is meant by allegiance and forgiveness? As the world is so complicated and people's minds are so hard to read, being honest and tolerant is pretty good, but we must never be muddle-headed.

Hu Jintao, Zhang Wannian at Kim Il-song Memorial

OW1607141695 Beijing Central People's Radio Network in Mandarin 1030 GMT 7 Jul 95

[From the "National Hookup" program]

[FBIS Translated Text] Chu Chang-chun, DPRK ambassador to China, held a memorial service in Beijing on the first anniversary of President Kim Il-song's death. Hu Jintao, CPC Central Committee Political Bureau Standing Committee and Secretariat member, went to the DPRK Embassy this afternoon to present a basket of flowers in the CPC Central Committee's name, and expressed condolences anew. Accompanying Comrade Hu Jintao were Wang Bingqian, National People's Congress Standing Committee vice chairman, and Wu Xueqian, National Chinese People's Political Consultative Conference Committee vice chairman.

DPRK Ambassador Chu Chang-chun hosted a memorial service in the embassy to commemorate the first anniversary of President Kim Il-song's death. Attending the service were Li Shuzheng, CPC Central Committee International Liaison Department director; General Zhang Wannian, Chinese People's Liberation Army chief of staff; and comrades in charge of the Foreign Ministry, the China-DPRK Friendship Association, and other departments concerned.

Ambassador Chu Chang-chun and Li Shuzheng delivered speeches during the memorial service, in which they recalled Kim Il-song's glorious achievements.

Banquets Mark DPRK Friendship Anniversary

OW1707021795 Beijing XINHUA Domestic Service in Chinese 1647 GMT 12 Jul 95

[By reporter Zhu Kechuan (2612 0344 1557)]

[FBIS Translated Text] Pyongyang, 12 Jul (XINHUA) — Chinese Ambassador to DPRK Qiao Zongzhen hosted a banquet in Pyongyang this evening to celebrate the 34th anniversary of the signing of the Sino-Korean Treaty of Friendship, Cooperation, and Mutual Assistance. In his speech at the banquet, he stressed that from now on, no matter what changes there might be in the world situation, both the Chinese party and government would, as always, spare no efforts in constantly consolidating and developing Sino-Korean friendship.

Yi Chong-ok, a member of the Political Bureau of the Central Committee of the Workers Party of Korea (WPK) and vice president; Choe Hui-chong, chairman of the Central Committee of the Korea-China Friendship Association and concurrently chairman of the State Science and Technology Committee; Kim Yang-kon,

deputy director of the International Department of the Central Committee of the KWP; Senior General O Yong-pang, deputy chief of general staff of the Korean People's Army; Choe U-chin, vice minister of foreign affairs; and others were invited to the banquet.

Qiao Zongzhen said the Sino-Korean Treaty of Friendship, Cooperation, and Mutual Assistance signed 34 years ago has far-reaching historical significance. It demonstrates the common aspiration and determination of the Chinese and Korean parties and peoples of the two countries to strengthen solidarity, develop friendship, and safeguard peace. In the past 30 years and more, with the concern and great attention of leaders of the Chinese and Korean parties and governments, and through the common efforts of the people of the two countries, extensive exchanges and cooperation have been carried out in the political, economic, cultural, science, technology, and other fields and great successes have been scored.

Chairman Choe Hui-chong also spoke at the banquet. The signing of the Sino-Korean Treaty of Friendship, Cooperation, and Mutual Assistance, he said, has expressed the aspiration and determination of the peoples of Korea and China in strengthening and developing the friendship cemented with blood over a long period of struggle. Korean comrades will, together with their Chinese comrades, continue to make efforts to develop cooperation in various fields between the two countries.

On 11 July, the Central Committee of the Korea-China Friendship Association and the Korean Committee for Cultural Relations With Foreign Countries gave a banquet to celebrate the 34th anniversary of the signing of the Sino-Korean Treaty of Friendship, Cooperation, and Mutual Assistance at the People's Palace of Culture in Pyongyang. Qiao Zongzhen, Chinese ambassador to DPRK, and other members of the embassy were present on invitation.

Jilin Model Workers Group Returns From DPRK

SK1507071895 Changchun JILIN RIBAO in Chinese 6 Jul 95 p 1

[FBIS Translated Text] From 19 to 29 June, at the invitation of the DPRK's Yanggang Provincial Administrative and Economic Committee, an eight-member model worker delegation of Jilin Province headed by Wang Shuhua, vice president of the provincial Trade Union Council, paid friendly visits to Yanggang Province, Pyongyang, Nampo, and Kaesong as well as visited 23 grass-roots units such as the Sino-DPRK Friendship Tower, the No. 1 Senior High School in Pyongyang, the People's Great Hall of Study, the Pyongyang Maternity Hospital, and Changgwang Kindergarten. Where-

ever the delegation went, it was warmly welcomed by local foreign affairs departments and local people, and fully expressed and exchanged brotherly affection between the Chinese and Korean peoples.

During the delegation's stay in the DPRK, Kim Yong-chu, vice chairman of the Yanggang Provincial Administrative and Economic Committee, met with all its members. The vice chairmen of the Yanggang Provincial trade union were also present at the meeting.

Yanji-Seoul Air Route Opens

OW1607160195 Beijing XINHUA in English
1503 GMT 16 Jul 95

[FBIS Transcribed Text] Changchun, July 16 (XINHUA) — A new air route linking Yanji City, capital of the Korean Autonomous Prefecture of Yanbian of northeast China's Jilin Province, with Seoul, capital of the Republic of Korea (ROK), opened Saturday [15 July].

The new route, which stops over at Changchun, capital of Jilin, will be operated according to an irregular schedule. A single flight can take up to 145 passengers, according to the operator — the Zhongji International Aviation Service Company.

The Korean Autonomous Prefecture of Yanbian is densely inhabited by the Korean nationality and is one of ROK's main investment areas in China. The opening of the new air route is expected to further promote the economic and cultural exchanges between Jilin and ROK.

Comparison of Editorial Marks 7 Jul Incident Anniversary

HK1407063795

Beijing RENMIN RIBAO in Chinese published on 7 July on page one a 1,800-character editorial entitled "Historical Revelations — Marking the 58th Anniversary of 7 July Incident." This version has been compared with the XINHUA Domestic version published in the 13 July China DAILY REPORT, page 13 and was found to be identical except for the following variation:

Page 13, column two, paragraph seven, first sentence reads: [FBIS Translated Text] This year is.... (noting deletion of dateline and introductory paragraph).

Southeast Asia & Pacific

Beijing Refuses Negotiations on Paracel Islands

OW1707074795 Tokyo YOMIURI SHIMBUN
in Japanese 16 Jul 95 Morning Edition p 4

[By Hiroyuki Sugiyama]

[FBIS Translated Text] Beijing, 15 Jul — The Chinese Government refused discussions with Vietnam on sovereignty over Paracel Islands, an informed source said. In recent subcabinet-level talks, the two countries officially agreed to open territorial negotiations at the "maritime issues working group." However, the source said China refused to include the Paracel issue in topics for the working group. It is quite unusual that China takes such a hard-line attitude toward territorial talks, and this is likely to create a stir in China-Vietnam negotiations on the Spratly issue and other territorial disputes.

China, Taiwan, and Vietnam claim sovereignty over the Paracel Islands, but the islands have been under China's exclusive control since 1974, when Chinese forces pushed Vietnamese forces out of the area in a military conflict. China placed a 2,500-meter runway on Woody Island, the biggest island of the Paracels, to strengthen the area's military strongpoint function. At the same time, China is developing a resort area there.

The Paracel dispute is less complicated than that over the Spratly Islands, which are claimed and occupied by six countries and regions. China has absolute advantage over Vietnam concerning the Paracel issue because Vietnam no longer has actual control over the islands. At the subcabinet talks, Chinese representatives noted no territorial negotiations are available on the Paracel Islands, saying "the Paracel issue has been settled already."

China says "there is no room for reconsideration" for sovereignty over the Spratly Islands, but territorial talks have been occasionally held with disputing countries on a bilateral basis. China's hard-line stand against Vietnam on the Paracel issue is probably because of complexity of several territorial disputes between the two countries.

The "maritime issues" between China and Vietnam are roughly divided into three: the Spratly Islands, the Paracel Islands, and continental shelf waters off Vietnam. These do not include the Tonkin Gulf issue because another working group is handling it.

In view of abundant natural resources, China is calling for territorial negotiations on sovereignty over the Vietnamese continental shelf, saying "the waters belong to the Spratly Islands." However, Vietnam flatly rejected

the negotiations, noting "the waters are integral parts of Vietnamese territory, and have nothing to do with the Spratly issue." China's rejection of talks on the Paracel issue may have been made in protest against Vietnam's stand on the continental shelf issue.

The China-Vietnam subcabinet talks clarified the two countries' disagreements on the territorial issues. The informed source said, while China and Vietnam agreed to found the "maritime issues working group," they could not determine even the date for the first meeting.

The source also noted the talks were held in an uncomfortable and unfriendly atmosphere partly because of the U.S.-Vietnamese normalization announced during the talks.

Li Tieying Meets Delegation From SRV Institute

OW1607170195 Beijing XINHUA Domestic Service in Chinese 1244 GMT 5 Jul 95

[FBIS Translated Text] Beijing, 5 Jul (XINHUA) — Li Tieying, member of the CPC Central Committee Political Bureau, state councillor and minister of the State Commission for Economic Restructuring, met with a delegation from Vietnam's Ho Chi Minh State Political Institute, led by the institute's Executive Vice President Do Nguyen Phuong, in the Great Hall of the People this afternoon.

Li Tieying extended his welcome to the visitors. He said: The friendly contacts between the CPC and the Communist Party of Vietnam [CPV] have kept increasing since the two parties and two countries fully normalized their relations in 1991. As close neighbors, China and Vietnam share a lot in common. "We should treat each other with sincerity, support each other, assume an attitude of seeking a common ground while reserving differences, treasure, maintain and develop the traditional friendship and good-neighborly relations between our two parties and between our two countries, and build our countries well."

Li Tieying said: The CPC Central Party School and the Ho Chi Minh State Political Institute, through increasing friendly contacts and exchanging school management and cadre training experience, have improved mutual understanding. The improved mutual understanding is very helpful for the two sides to learn from each other.

Do Nguyen Phuong thanked the CPC Central Party School for inviting the delegation to visit China. He said: The delegation has been extremely and deeply impressed by China's great achievements in reform, opening up, and modernization. The CPV can learn a lot from the CPC's practice and experience in party building and ideological and political work. This delegation has been

greatly enlightened by the experience of the CPC Central Party School in teaching, scientific research, and cadre training.

During the meeting, Li Tieying also briefed the visitors on China's reform and opening up.

Present at the meeting were Wang Jialiu, member of the CPC Central Committee and executive vice present of the Central Party School; Yang Chungui, vice president of the Central Party School; and Dang Nghiem Hoang, Vietnamese ambassador to China.

Peng Peiyun Meets Australia's Bilney

OW1707122695 Beijing XINHUA in English 0911 GMT 17 Jul 95

[FBIS Transcribed Text] Beijing, July 17 (XINHUA) — Chinese State Councillor Peng Peiyun met with Gordon Bilney, Australian minister for Development Cooperation and Pacific Island Affairs, and his party here today.

The two sides exchanged views on issues of common interest.

Bilney and his party are here on a visit as guests of the Chinese Ministry of Foreign Trade and Economic Cooperation.

Beijing, Australia Sign Cooperative Agreements

OW1707135595 Beijing XINHUA in English 1329 GMT 17 Jul 95

[FBIS Transcribed Text] Beijing, July 17 (XINHUA) — China and Australia signed four cooperative agreements here this afternoon involving around 20 million US dollars.

Chinese Vice-Minister of Foreign Trade and Economic Cooperation Gu Yongjiang and visiting Australian Minister for Development Cooperation and Pacific Island Affairs Gordon Bilney signed an agreement on urban environment in South China's Guangxi Province with 1.025 million Australian dollars' worth of Australian funds.

They also attended the signing ceremony for three other projects using Australian loans of 17.59 million Australian dollars, which include a water-supply project in Shandong Province, a boiler project in Shanxi Province, and a power project in Gansu Province.

There are a total of 55 projects thus far in China involving Australian government loans amounting to nearly 490 million US dollars in telecommunications, urban construction, agriculture, forestry, and electromechanical instruments.

Before the signing ceremony, Gu and Bilney held a brief talk on furthering economic and trade cooperation.

Sub-Saharan Africa

Tian Zengpei on Zhu Rongji's Upcoming African Trip

OW1607031395 Beijing XINHUA in English
0235 GMT 16 Jul 95

[*"Zhu Rongji's 7-Nation African Tour Will Be Significant"* — XINHUA headline]

[FBIS Transcribed Text] Beijing, July 16 (XINHUA) — The upcoming visit to seven African countries by Chinese Vice-Premier Zhu Rongji shows that China attaches great importance to developing its ties and cooperation with African countries.

Tian Zengpei, vice-minister of Foreign Affairs, who will accompany Zhu on the visit, made these remarks in an interview with XINHUA here today.

Zhu will pay an official goodwill visit to Tanzania, Zimbabwe, Mozambique, Botswana, Namibia, Angola, and Zambia from July 19 to August 4 at the invitation of the governments of the seven nations.

The visit will be Zhu's first and will be an important event for China's ties with the seven countries, which is of great significance, Tian said.

During the visit, Zhu is expected to hold talks with leaders of the seven countries on separate occasions and exchange views with them on international issues, the African situation, bilateral relations, and issues of common interest.

The purpose of his visit is to "increase mutual understanding, deepen friendship, promote cooperation, and to learn from the African people as well", the vice-minister said.

Tian noted that China and African countries have maintained close contact for many years, and added that leaders of the Chinese Communist Party and the government have paid visits to many African countries, and a great number of African leaders have toured China.

The exchange of visits between high-ranking officials has played an important role in increasing friendship and developing friendly cooperation, he said, adding that he is confident that Zhu's visit will achieve its desired goal.

Tian said that the seven countries that Zhu is going to visit are all in southern Africa which is regarded as an important part of the continent.

Over the past few years, he said, one can see that positive changes have taken place in this region.

The Republic of South Africa held multi-racial elections last year, and, as a result, a government of national union has been set up and the apartheid system abolished.

This has become a positive factor for peace, stability, and development in southern Africa, he said.

Mozambique, which long suffered from the chaos of war, has regained its domestic peace.

Gratifying progress has also been made in the peace process in Angola which was repeatedly subject to setbacks.

China has had diplomatic ties with these seven countries for varying lengths of time, but the relationships have remained sound and the friendships with the people have been profound. Political contacts continue to grow, and economic cooperation has also seen steady growth.

So, Zhu's visit will most certainly strengthen the growth of bilateral ties, he noted.

Referring to China's policy toward Africa, Tian reaffirmed that strengthening Sino-African unity and cooperation is an important component of China's independent foreign policy of peace.

China respects African countries' choice of political system and the mode of development chosen according to their countries' actual conditions and it will never interfere in their internal affairs.

At the same time, it strongly opposes other countries' attempts to impose their own ideology and models of social development on African countries, and it gives its support to African countries in their struggle against foreign interference and safeguarding their national sovereignty.

He emphasized that China has always believed that all countries, big or small, are equal members of the international community. Every country has its own strong points, and should learn from others in making up for its deficiencies.

It is the Chinese government's view that world peace and development can not avoid Africa. Africa's development will benefit peace, stability, and economic prosperity in the world as a whole.

Tian urged the international community to take responsibility for Africa, especially the developed countries which should help Africa to create an international political and economic environment beneficial to African development.

Tian described Chinese-African relations as an example of sincerity, equality, friendship, and cooperation among developing countries.

The trust and friendship between the Chinese and African people have been established in the long struggle to safeguard the rights and interests of developing countries and to promote world peace and development, and have stood the test of time and dramatic changes in the world.

The Chinese government and the Chinese people value their friendship with the African countries and are ready to strengthen their unity and cooperation with them in the new international situation, he said.

Noting that, for a long time, the Chinese government and people have had the resolute support of African countries in international affairs, Tian said: "We sincerely thank the African countries for adhering to the 'One-China' policy and supporting the Chinese people in the reunification of their motherland."

"The Chinese people will never forget the African people's deep feelings for us," he added.

Economic Factor Important in Zhu's African Tour

*OW1707030595 Beijing XINHUA in English
0248 GMT 17 Jul 95*

[FBIS Transcribed Text] Beijing, July 17 (XINHUA) — As the good conditions for Sino-African economic and trade ties have not been sufficiently utilized, "the further promotion of Sino-African economic and trade relations" is an important factor in the upcoming visit to seven African countries by Chinese Vice-Premier Zhu Rongji.

Shi Weisan, director-general of the West Asian and African Affairs Department of China's Ministry of Foreign Trade and Economic Cooperation (MOFTEC) disclosed this in an interview with XINHUA here.

Zhu is scheduled to leave here today for Tanzania, Zimbabwe, Mozambique, Botswana, Namibia, Angola and Zambia on an official goodwill visit from July 19 to August 4, at the invitation of the governments of the seven nations.

As far as economic and trade relations are concerned, said Shi, Zhu and leaders of the seven countries will comprehensively evaluate bilateral economic and trade development, discuss problems in bilateral economic and trade development, and explore prospects for new projects with Chinese aid on the basis of fulfilling similar projects started in the past.

In addition, both sides will also share experiences concerning economic development during the visit, added Shi.

He emphasized that there is a strong complementarity in Sino-African economic and trade cooperation.

He listed Africa's important raw materials as gold, diamonds, iron ore, copper, manganese, cobalt, petroleum, cotton and timber, which are all needed in China's economic construction.

He went on to say that China's light industrial products, textiles and machinery, including agricultural machinery and complete sets of equipment are sold well on the African market.

Friendly relations between China and African countries constitute a good basis for furthering bilateral economic and trade cooperation, for China and most developing countries in Africa share common historical experiences and have supported each other with mutual understanding for decades, noted Shi.

In the past few years, he said, there have been encouraging changes in the African situation. In the meantime, China is enjoying an economic upsurge and social stability.

"Now is the right moment for China and Africa to promote economic and trade relations," he pointed out, adding that China's exports to Africa account for only a very small part of Africa's total imports, mentioning that the figure for last year was about 1.7 percent.

While attaching importance to the African market and increasing imports from Africa, the official said, China should provide more quality products that can meet the demands of the African market, ensuring prompt delivery.

He added that both sides should also improve trade channels, including the establishment of some wholesale trade bodies in Africa, and create more opportunities for mutual understanding such as exchanges of visits and exhibitions of commodities by both sides.

Vice Premier Zhu Rongji Leaves on African Trip

*OW1707050995 Beijing XINHUA in English
0412 GMT 17 Jul 95*

[FBIS Transcribed Text] July 17 (XINHUA) — Chinese Vice-Premier Zhu Rongji left here this morning on an official goodwill visit to seven African countries at the invitation of the governments of the seven countries.

The 7 countries are Tanzania, Zimbabwe, Mozambique, Botswana, Namibia, Angola and Zambia.

Accompanying Zhu on the visit were his wife Lao An, Vice-Foreign Minister Tian Zengpei, Vice-Financial Minister Zhang Youcui, Vice-Minister of Foreign Trade and Economic Cooperation Liu Shanzai and Deputy Governor of Jiangsu Province Wang Rongbing.

Zhu and his delegation were seen off at the airport by Luo Gan, State Councillor and Secretary-General of the State Council, Hu Guangbao, Deputy Director of the General Office of the Chinese Communist Party Central Committee, Vice-Foreign Minister Li Zhaoxing, Vice-Financial Minister Liu Jibin and Vice-Minister of Foreign Trade and Economic Cooperation Gu Yongjiang.

Also present at the airport on the occasion were diplomats here from countries concerned.

West Europe

Changes in EU's Beijing Policy Welcomed

HK1607073095 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 16-22 Jul 95 p 1

[By Wang Yong: "China Welcomes EU Policy Shift"]

[FBIS Transcribed Text] A senior Chinese official has welcomed the European Union's latest strategy of constructive engagement with China and called for mutual support despite differences.

"China and the EU can well carry out across-the-board collaboration on the basis of mutual understanding and support," Li Zhongzhou, director general for international relations at the Ministry of Foreign Trade and Economic Co-operation, told Business Weekly.

He described the EU's first global policy towards China, unveiled in Brussels last Wednesday, as positive on the whole.

The policy, in EU's view, is to deepen ties with China in order to consolidate the country's economic reforms and bring it into the world political and economic community.

Leon Brittan, the European Commissioner for China relations, has lauded China for "moving irreversibly towards an open market economy."

Brittan added, "It is in our interest to reinforce that move and ensure it happens as smoothly as possible."

Analysts in Beijing noted the EU's stance has posed as a contrast to that of the US, which intends to be hard on China.

The US still bills China as largely a centrally planned economy, while the EU sees China as virtually a market economy.

The EU policy admits that the public sector in China's economy has decreased significantly.

"I agree with the notion. Our economy has indeed virtually met the demands of the World Trade Organization (WTO)," Li said.

The EU has made it clear in its policy that it will actively seek to help China enter the WTO.

"Chinese membership in the WTO would lock-in for the future the economic reform policy of the last 10 years," Brittan said.

Unlike the US, the EU has proposed to allow China a transitional period to gradually meet all the WTO demands for a developing country member.

The US has suggested China shoulder certain obligations for a developed nation.

"We will strive to meet developed country standards in some areas where it is possible, but China cannot join the WTO as a developed country," Li pointed out.

Talks on China's access to the WTO are underway in Geneva and are expected to run until the end of this month.

"We're willing to join (the WTO), but we insist on a balance of rights and obligations," Li said.

He added that China also hopes to carry out dialogues with members of the Organization for Economic Co-operation and Development, a wealthy nations' club.

While acknowledging the remarkable achievements of China's economic reform, the EU has taken notice of the strident progress of China's foreign trade.

EU officials said China's foreign exchange reserves are enough to support its debt service.

Li said it's good for both China and its trading partners to bring China into the world economic community.

"Actually, China will shoulder heavier responsibility for industrial restructuring (after it joins the WTO)," he explained.

"EU businesses should realize that China's economic growth will stimulate that of EU members, too."

Li expressed the belief that the EU policy will be followed by concrete steps soon and urged EU businesses to increase their investment in China.

European Union's New China Strategy Viewed

HK1707085895 Hong Kong WEN WEI PO in Chinese 13 Jul 95 p A2

[Editorial: "European Union's New Strategy for China"]

[FBIS Translated Text] The European Union committee formulated and adopted a new China strategy on 5 July, expressing its willingness to "develop overall political, economic, and trade ties with China." This is the union's first comprehensive China policy since its founding. All

future European-Chinese relations will be put within the framework of this unified strategy.

The European Union's new strategy comprises four parts: Initiating a political dialogue, developing economic and trade ties, intensifying all-round cooperation, and increasing the European Union's presence in China. Judging from this strategy, all-round cooperation between the European Union and China is likely to be gradually intensified in the future. This tendency of cooperation between China — which has the largest population and enjoys the most rapid economic growth among other countries in the world — and the European Union — which is the world's biggest trade group, and its biggest political and economic union — is of great importance, and merits attention.

With 12 members, an area of 2.36 million square km, and a population of 370 million, the European Union, meaning the European Communities, has increased its foreign trade volume to over \$3 trillion, so it is a decisive economic force in the world. China established formal bilateral relations with the European Union back in 1975, and bilateral economic and trade ties have developed rapidly since then. However, the economic exchanges between China and the European Union are far from adequate as compared with those between China and Japan, and between China and the United States. For Europe, China is now the sixth-largest importer and the ninth-largest exporter of commodities. With China's enormous market and rapid economic growth, and with Europe's developed economy and trade, there is still much room for the development of their economic and trade ties.

The European Union came up with a new China strategy when the United States re-applied its Cold War tactics to China, thus worsening Sino-U.S. relations. The new China strategy inevitably will have a major impact on the pattern of international relations. Clearly, the European Union's new China strategy is not the product of the deterioration of Sino-U.S. relations, but is based on their all-round appraisal of development in China. There are serious trade conflicts between Europe and the United States, and between Europe and Japan. At a time when there is bitter competition in the international market and protectionism is popular, Europe is in dire need of expanding its own sphere of economic and trade cooperation, and of finding powerful partners for creating a new international political and economic order.

China and Europe have conducted exchanges for a long time, and the two parties have benefited from cultural exchanges. After the founding of the PRC, the member-states of the European Union were the first

countries to carry on trade with China, breaking the blockade imposed by the United States. France, one of the European Union's founders, was the first among the Western powers to establish diplomatic ties with China. Over the last few years, most members of the European Union have begun attaching importance to their relations with China. For example, Germany came up with a "new Asia policy," and France with the "10 major measures for opening up Asian markets." Nevertheless, if the European Union, as a body, were to carry out cooperation with China, it would bring greater profits to both parties.

What has prompted the European Union to make a strategic change is the enormous successes and political stability China has achieved since the reform and opening up. Though the European Union joined the United States in imposing "sanctions" against China, it soon abandoned this meaningless action. The European Union is also dissatisfied with the hegemonism displayed by the United States, which, accustomed to giving orders, regards itself as an international policeman on every occasion and interferes with other countries' internal affairs. So the European Union's new China strategy certainly will have an impact that is not limited to Europe and China alone.

For China, the European Union's new strategy is also very important. Though Europe includes many small countries, the European Union as an entirety is not to be ignored. China has long tried to open up more international markets so as to diversify its trading partners, but has achieved little; Hong Kong, Taiwan, Japan, and the United States have remained China's principal trading partners. The opportunity to intensify Sino-European political and economic relations now has presented itself. President Jiang Zemin is now visiting Germany, the biggest and most developed member of the European Union, and this certainly will help further promote bilateral relations.

Hong Kong also has close economic and trade ties with the European Union. These ties will become closer in the future. In the meantime, closer Sino-European economic and trade ties also will bring new business opportunities, and thus new benefits, to Hong Kong. Judged from any angle, the European Union's new China strategy certainly will have a far-reaching impact.

Jiang Zemin Continues Visit to Germany

Visits Embassy Staff

OW1507154895 Beijing XINHUA Domestic Service
in Chinese 0101 GMT 13 Jul 95

[FBIS Translated Text] Bonn, 12 Jul (XINHUA) — Chinese State President Jiang Zemin, currently on a

visit to Germany, went to the Chinese Embassy on the evening of 12 July to pay a call on the embassy staff and representatives of some Chinese organizations in Germany. He also had a photo session with them.

President Jiang Zemin expressed his thanks for the embassy staff's diplomatic efforts. He also extended the CPC Central Committee's regards to them.

Using his experience in studying the German language as an example, President Jiang Zemin encouraged them to keep studying and to foster correct views on life. Qian Qichen, State Council vice premier and foreign minister, accompanied him on his visit to the embassy staff and other representatives.

Jiang Visits German Firm

OW1607170795 Beijing XINHUA Domestic Service in Chinese 0450 GMT 15 Jul 95

[*"Feature"* by reporter Xia Zhimian (1115 3112 3094): "President Jiang Zemin Visits Siemens Company"]

[FBIS Translated Text] Munich, 14 Jul (XINHUA) — The 14th of July was the fourth day of President Jiang Zemin's visit to Germany. As the sun fell in the western sky, Jiang Zemin visited the Siemens Company in Munich.

His motorcade sped directly from the airport to the company's headquarters, which President Jiang Zemin visited for one hour. As early as 100 years ago, the company's products had already entered into China's markets. In 1914, the company provided Beijing with the first tramcar in the city. Today, the Chinese market is many times larger than in the past. No wonder the company is more ambitious in capturing market share.

The company, truly a large corporation of the first rank, had made meticulous arrangements for the visit, ranging from welcoming ceremonies to briefings. A welcoming banner stretched across a reception room was inscribed in Chinese: "Making More Efforts To Strengthen the Cooperation Between Siemens Company and China" — reflecting the host's desire: expanding its market share in China.

During the briefing, President Jiang Zemin was in the best of spirits. Repeatedly raising questions both in Chinese and English, he asked: "What is a locomotive's source of power?" "Alternate or direct current?" Mr. (Pierla), chief executive of the company, said with praise: "Our reception today has turned out to be a dialogue between experts."

The host seemed to be anxious to promote his products, which include energy, telecommunications, transportation, medical, automation, and other technologies. Pres-

ident Jiang Zemin said jokingly: "All of your products are good. But I have to look at the size of my wallet." Then he talked about reasonable prices and favorable terms of payment, including government loans.

German products enjoy a good reputation in the international market for their quality. But German products, being very expensive, are less competitive in the international market. Mr. Pierla hastened to quote a German proverb saying that cheap products lead to great losses.

President Jiang Zemin replied: China certainly wishes to buy things at reasonable prices on condition that their quality is guaranteed. Therefore, our opinions are not contradictory. He said: "You see, we have conducted a democratic discussion on the issue of price and reached a consensus."

Then President Jiang Zemin said that, since he was a child, he has been very impressed with the quality of German products as well as with the diligence and discipline of the German people. This trip has impressed him even more.

The briefing ends in a very pleasant atmosphere. The host showed President Jiang Zemin an ultrasound scanner. The host also presented President Jiang Zemin a picture of a high-speed train as a gift, expressing once again the company's desire to promote its products.

In return, President Jiang Zemin gave the host a piece of tapestry with a design of the Great Wall. Quoting a Chinese proverb, he said, "The gift itself may be as light as a goose feather, but sent from afar, it conveys deep feeling." In the midst of applause, Mr. Pierla replied happily: "I hope that our friendship and cooperation will last as long and be as solid as the Great Wall."

Jiang Meets Businessmen

OW1507141495 Beijing XINHUA in English 1357 GMT 15 Jul 95

[FBIS Transcribed Text] Munich, July 15 (XINHUA) — Chinese President Jiang Zemin met here with a number of big company leaders on this final day of his state visit to Germany.

Jiang had meetings in the morning with BMW's Chairman Bernd Pischetsrieder, Bertelsmann's Chairman Mark Matthias Woessner, Allianz's Chairman Henning Schulte-Noelle and Audi's Chairman Herbert Demel.

Meanwhile, Audi signed a principle agreement on the feasibility research for joining the joint-venture between Volkswagen and China's First Automobile Group Company. The agreement volume was 230 million U.S. dollars.

Shortly after Jiang's arrival in this city last night, Siemens signed two agreements of a combined 470 million U.S. dollars worth on power equipments with two Chinese companies.

These three agreements have raised the total number of documents signed between China and Germany during Jiang's visit to this country to 14.

Jiang is scheduled to leave here for home this evening.

Meets Leader of Bavaria

*OW1507153895 Beijing XINHUA in English
1442 GMT 15 Jul 95*

[FBIS Transcribed Text] Munich, July 15 (XINHUA) — Chinese President Jiang Zemin met here today with Edmund Stoiber, minister-president of the state of Bavaria.

Stoiber said there have been traditional friendly relations between Bavaria and China. He added that Bavaria-China cooperations have been developed in all fields over the past 20 years.

Bavaria is willing to develop a closer partnership of mutual-trust with China, Stoiber said.

Jiang said that during his visit, leaders of the two countries have had in-depth and extensive talks, which have increased mutual understanding and friendship.

Direct contacts and exchanges between leaders of the two countries is of great significance at present, Jiang noted.

Stoiber also spoke highly of the achievements China has made in economic constructions and China's independent foreign policy of peace as well as China's just stands in international affairs.

He said he believes China will play an increasingly important role in the international affairs.

Chinese Vice-Premier and Foreign Minister Qian Qichen was present at the meeting.

Political & Social

Li Lanqing Encourages Graduates Headed for Tibet
HK1807071295 Beijing XINHUA Domestic
in Chinese 0712 GMT 6 Jun 95

[Report by RENMIN RIBAO reporter Zhang Yan (1728 0917) and staff reporter Liu Siyang (0491 1835 2254): "Li Lanqing Encourages College Graduates To Go and Temper Themselves in Areas Where Conditions Are Hard"]

[FBIS Translated Text] Beijing, 6 June (XINHUA) — The Organization Department of the CPC Central Committee, the Ministry of Personnel, and the State Education Commission jointly sponsored a symposium at the Great Hall of the People yesterday for college graduates working in state organs under the central authorities who are to go and temper themselves in Tibet. At the symposium, Li Lanqing, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, encouraged these college graduates to establish a correct outlook on the world, life, and values; go and work in areas where conditions are hard, and where the motherland needs them most; and accumulate experience, temper their will power, and grow to maturity in practice.

It has been learned that in order to materialize the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee; implement the arrangements made by the Third Central Conference on Work in Tibet; and act in line with the state civil service system, which requires civil servants to receive in-service training; the CPC Central Committee's Organization Department and the Ministry of Personnel have decided to send 100 outstanding college graduates of good character to temper themselves in Tibet. They have been selected from among those assigned to central organs in 1995. The selection involves 94 ministries, commissions, and units. The 100 chosen, who average 23 years of age, come from more than 70 colleges and universities, and are scheduled to work and temper themselves for three years in 22 units directly under the Tibetan Autonomous Region and in 42 units under seven prefectures and cities in Tibet.

At the symposium, representatives of the Tibet-bound graduates from different colleges and universities — including Beijing University, the China Politics and Law University, the Central University of Nationalities, the Institute of Diplomacy, and the Tianjin College of Commerce — talked about their views on career selection. They also expressed their willingness to learn knowledge through practice, emulate the good deeds of Kong Fansen, and make contributions to the construction and development of Tibet.

After hearing the speeches by the graduates' representatives, Li Lanqing spoke highly of the voluntary move made by these graduates to work and temper themselves in Tibet. He said: It is the fine tradition of Chinese intellectuals to go down to grass roots units, to areas where conditions are hard, and to wherever the motherland needs them most. It is gratifying to see that today's college students also have the desire to carry forward this fine tradition, regarding it as their ideal and goal when selecting their careers. This attitude represents the mainstream of today's college students, and therefore should be energetically encouraged.

Li Lanqing pointed out that selecting and sending college graduates to temper themselves in grass roots units is a good way to train young cadres. With the 21st century approaching, it is a significant strategic task of our party and government to bring up a generation of talents which spans this century and the next. Comrade Deng Xiaoping once pointed out: "Whether or not we can successfully handle things in China, uphold socialism, as well as reform and opening up, bring about the faster development of our economy, and maintain a lengthy and peaceful reign in the country depends, in a certain sense, on qualified personnel." He stressed that it is our educational principle to bring up the builders and successors of the socialist cause in an all-round way: morally, intellectually, and physically. Yet what colleges and universities can do is merely to lay a foundation in this respect. Therefore, it requires a process of practice and training to build a college graduate into a highly qualified and capable talent who enjoys a good command of modern scientific and cultural knowledge. He pointed out emphatically that not going down to grass roots units, not going deep into the realities of life, and not acquiring any knowledge of the masses' weal and woe is liable to produce bureaucratism, making it difficult to have a strong feeling for the people and to become competent government functionaries or other cadres.

Li Lanqing noted: At a time when we are to start implementation of the Ninth Five-Year Plan, the move taken by you students to work and temper yourselves in Tibet bears special significance. He believed that gradually narrowing the gap between the eastern and western parts of the country requires the long-term efforts of all sides. In our efforts to aid the poor, what counts is to aid the poor through the introduction of intellectual resources, as well as through implementation of the strategic principle of invigorating the country by relying on science and technology, and by promoting education. He also expressed hope that the students will live up to the expectations of the party and the people, set Kong Fansen as their example, do their bit

to reinforce the unity among all nationalities of the country, learn from local masses in a modest manner, integrate what they have learned in school with local realities, establish close ties with Tibetan compatriots, and contribute to the invigoration of Tibet. Meanwhile, by steeling themselves in hard struggle, they also are expected to grow into qualified builders and successors to the cause of socialism with Chinese characteristics.

The symposium was presided over by Li Tielin, deputy head of the Organization Department of the CPC Central Committee. Zhang Xuezhong, vice minister of personnel, and Zhang Tianbao, vice minister of the State Education Commission, also gave speeches at the meeting.

Foreign Investors Told To Stop Paying Bribes

HK1807070595 *Hong Kong SOUTH CHINA MORNING POST* in English 18 Jul 95 p 9

[By Willy Wo-lap Lam]

[FBIS Transcribed Text] Authorities have assured individual foreign businessmen their past dealings with corrupt officials in Beijing will not affect their business prospects.

But behind closed doors senior cadres have warned executives that they must stop smoothing deals through with cash and other bribes. The "corrupt money" pocketed by alleged bribe-takers — including the late vice-mayor of Beijing, Wang Baosen, and former Beijing Party Secretary Chen Xitong is believed to have come from outside the country. Beijing sources said the leadership would not be carrying out full investigations into the overseas corporations and businessmen involved.

Chen's successor as Beijing party boss, Wei Jianxing, has started a "confidence-building campaign" to reassure big investors in the capital, the sources said adding that he was acting under instruction from the Politburo Standing Committee.

Mr Wei heads investigations into Beijing's corruption cases in his capacity as head of the party's Central Commission for Disciplinary Inspection. But his anti-corruption campaign had to take second place to the more important task of developing the economy, he pointed out during a municipal meeting reviewing work in the first half of this year. He also gave strong hints to municipal cadres — at least 40 of whom are under investigation — that they would be treated leniently if they professed allegiance to the party leadership with President Jiang Zemin as its "core".

"Some people have worried that the case of former vice-mayor Wang Baosen may affect Beijing's economy," the press quoted Mr Wei as saying yesterday. "The anti-

corruption effort must tightly revolve around — and serve — the centre of economic construction," he added. The senior cadre praised the majority of municipal cadres for remaining loyal to Mr Jiang and the party leadership "at a critical juncture". He added that "they can be entirely trusted".

In a reference to Chen's history of disobeying Mr Jiang's edicts, Mr Wei called upon city officials, many of whom are Chen's appointees, to "ensure that the policy instructions from the party centre are smoothly carried out in Beijing". He repeated Mr Jiang's favourite slogan that the first task of the municipality was "to ensure stability in the capital". "Stability overrides all other objectives," Mr Wei said.

Political analysts in Beijing said Mr Wei's statements were a clear indication that the Central Commission for Disciplinary Inspection and other law-enforcement agencies would put at least a temporary moratorium on the campaign of nabbing the "tigers", or big-time bribe takers, in the capital.

CPC Official Urges Self-Discipline in Leaders

OWI707151995 *Beijing XINHUA* in English
1458 GMT 17 Jul 95

[FBIS Transcribed Text] Beijing, July 17 (XINHUA) — A senior official from the Central Commission for Discipline Inspection of the Communist Party of China (CPC) has called for leading cadres to exercise strict self-discipline to push forward the national anti-corruption work.

Hou Zongbin, deputy secretary of the commission, said at a meeting held here today that whether the anti-corruption work is successful or not depends on whether officials in different areas and departments can show strict self-discipline.

The meeting was held to report the findings of 16 inspection teams sent to various parts of the country in June to see whether senior officials have stopped using imported luxury cars.

The inspection tour was jointly organized by the Central Commission for Discipline Inspection of the CPC, the Ministry of Supervision, and the offices of the CPC Central Committee and of the State Council.

This was about one year after the promulgation of a regulation jointly by the offices of the CPC's Central Committee and the State Council, stipulating that imported luxury cars should be replaced by Chinese ones.

The inspection tour helped push implementation of the regulations, Hou explained.

According to him, discipline inspection departments will spare no effort in halting the use of cars that exceed standards used by officials or undue recreational activities held at government or companies' expense. They will also supervise the reporting of personal incomes of cadres and gratuities accepted while on official business.

Those cadres who violate regulations and do not exhibit self-discipline will be dealt with sternly, Hou said.

Chang Jiang Flood Levels Said Dropping

*OW1807020895 Beijing XINHUA in English
0135 GMT 18 Jul 95*

[FBIS Transcribed Text] Beijing, July 18 (XINHUA) — Water levels of the main streams on the middle and lower reaches of the Chang Jiang River are dropping in past few days, according to the State Flood and Drought Control Headquarters.

"But the river flow is still above the warning line," said the headquarters.

Water levels of the Dongting Lake, Boyang Lake and Taihu Lake are also dropping.

With subtropical high air pressure extending toward western and northern China, the rainy area is moving northward, according to the headquarters.

At present, the water levels of rivers from Jianli in Hubei Province to Datong in Anhui Province are still 0.4-1.78 meters above the warning line.

The high flood flow is expected to last for five to ten days, under normal conditions.

More than one million people are working against floods on the embankments along the mainstreams of the Chang Jiang River.

Life of farmers in the flooded areas has turned normal and they are working to reduce the effects of the floods, the headquarters said.

Drought Dries Up 622-km Stretch of Yellow River

*OW1807052095 Beijing XINHUA in English
0415 GMT 18 Jul 95*

[FBIS Transcribed Text] Beijing, July 18 (XINHUA) — A four-month-long dry spell has dried up a 622-km stretch of the Yellow River, the State Flood and Drought Control Headquarters said here today.

The length of the dry riverbed and the length of time it has been dry have both broken records, according to statistics.

The river's depletion started March 4 at Hekou, and had extended to Jiahetan in central China's Henan Province by July 14.

The drought was caused by a shortage of precipitation in the area since the beginning of this year, and has caused great difficulties for local people, as well as for industrial and agricultural production.

However, the drought is expected to ease as monsoon rain moves northward.

Parts of the Yellow River have dried up on 18 occasions since 1972.

Contemporary Significance of Confucianism Viewed

HK1807061295 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 6 Jun 95 p 3

[From the "Dragon Song — Glory of Chinese Culture" column, article by specially invited columnist Tang Yijie, professor of Beijing University: "The Contemporary Significance of Confucianist Culture"; first two paragraphs are "column host" note printed in italics]

[FBIS Translated Text] *Column Host: The Confucian school constitutes an important part of Chinese culture, and many of its theories and viewpoints are still of a great immediate guiding significance today. Therefore, it is indeed a major task for us cultural workers to further study and elaborate this school of thought.*

With a realistic attitude, the article published today expounds the contents of the Confucian school which are of great value to us, while at the same time, pointing out its limitations.

Since the beginning of the 20th century, the new contemporary Confucian school has been developing for nearly a century. With the hard efforts of new Confucianists of several generations, this school of thought undoubtedly has become a major and influential ideological trend in the country. The Confucian school of the Qin Dynasty is considered the first phase of development in the history of the Confucian school, while the Confucian school of Idealist philosophy of the Song and Ming Dynasties is regarded as the second phase, with the latter being an epoch-making new Confucian school that emerged under the impact of both Buddhism, which was imported from India, and home-bred Taoism, a school of thought that once was disseminated to and produced a great influence on our neighboring countries. In this sense, we can say that the new contemporary Confucian school is the third-phase development in the history of the Confucian school which has come into being under the impact of Western culture during modern times. However, can

the third-phase development of the Confucian school bear the same epoch-making significance as that of the second phase? In my opinion, observation for a certain amount of time will be required before a conclusion can be reached. This is because, judging by the current situation, the ideological trend of the new contemporary Confucian school has yet to exert a considerable influence on either side of the Taiwan Strait, just as Professor Du Weiming has claimed: "The Confucian school is at a low ebb."

Then, is it necessary for us to study and explore the reasons for the failure of the new contemporary Confucian school to attain glorious development? I do not think it worthless to study the Confucian school, for it is beyond doubt that many of its viewpoints on certain issues, and even its ideals are still one of mankind's treasures, and therefore are of immediate significance to today's world.

Despite a turbulent world situation in recent years, changes favorable to the development of human society have taken place: The "cold war" has been ended, and the world has entered a "post-cold war" era. Moreover, the people of the world have gradually reached a consensus, acknowledging that fact that "peace and development" are what mankind needs at the moment, and are what will become the main melody for the development of human society in the 21st century. This also means that mankind should strive for peaceful coexistence and, at the same time, for common development. Major viewpoints in the Confucian ideology which are consistent with this main melody do exist. The idea of "maintaining universal peace" advocated in the Book of Changes, a classic of the Confucian school, embodies pursuit of the lofty ideal of "bringing about universal harmony." The last of the 64 divinatory symbols of the Book of Changes calls for efforts to "achieve prosperity," which represents the idea of bringing about common development. Today, when we celebrate victory in the war against fascism, and when we review history over the past 50 years, we can see more and more clearly the general trend of cultural development in today's world: With the colonial system falling apart and the "theory of regarding the West as the center of the world" fading away, the world's culture is developing toward "multipolarity under a global awareness." Each and every nationality and country in the world is striving to carry forward its own national culture, regarding it as a contribution to mankind. China's Confucian culture is an important branch of the world's culture, and its spirit of "maintaining peaceful coexistence and allowing differences" accurately represents the current development trend in world culture. Besides this, there exist many more viewpoints in the Confucian school

that are of great value and significance to us. As long as we give them modern annotations, so that they can "have new meaning despite the lapse of time," these viewpoints will prove precious resources to the cultural development of today's human society.

Then what are the failings of the new contemporary Confucian school? In my opinion, every ideological system has its failings and limitations, and the Confucian school is no exception. In this sense, we first need to determine the nature of the Confucian school to see what problems it can resolve. In other words, we need to know in what ways we can develop the true spirit of the Confucian school. I believe that the new contemporary Confucian School may have a not-so-correct orientation; that is, it tries to fit Confucian ideology into certain modes of Western culture. For example, why should we take the trouble to prove that "scientific and democratic thinking" also exists in Confucian ideology? Will it affect the value of the Confucian school if we say that such "scientific and democratic" thinking does not exist in Confucian ideology? I do not think so, for this is not where the value of the Confucian school lies. The value of the Confucian school is that it teaches people how to "become men of dignity." To be a "man of dignity," one should have a sense of social responsibility and of historical mission, should settle down and get on with one's pursuits, and should have a conscious and independent understanding of the universe and of life. The book "The Great Learning" advocates the idea of "cultivating one's moral character," "facilitating common prosperity," "administering the country," and "bringing about great order across the land." This is indeed a very good idea, but can we "center everything around the cultivation of one's moral character?" I am afraid we cannot, for this could easily lead to pan-moralism. Although we do not approve of "scientism," we should not endorse "pan-moralism" either. Every culture has its own good points and failings, yet we are certain to comprehend its value as long as we conduct a thoroughgoing study of the culture with a realistic attitude. Different cultural systems should prove to be mutually complementary, instead of mutually repulsive. In this sense, the theory and strategies of the "conflict of civilizations" advocated by Professor Huntington of Harvard University in the United States are not in keeping with the goals of "peace and development" which are pursued by human society today.

Meeting on Inspection of Vehicle Cleanup Work
SK1807092895 Beijing XINHUA Domestic Service
in Chinese 1929 GMT 17 Jul 95

[By Central People's Broadcasting Station reporter Li Renzhu (2621 0088 0031) and XINHUA reporter Liu

Siyang (0491 1835 2254): "The Central Discipline Inspection Commission Reports on Special Inspection of Vehicle Cleanup Work, and Hou Zongbin Calls for Continuously Grasping Leading Cadres' Administrative Honesty and Self-Discipline"]

[FBIS Translated Text] Beijing 17 Jul, (XINHUA) — On 17 July in Beijing, the Discipline Inspection Commission of the CPC Central Committee held a meeting to report on the special inspection of the vehicle cleanup work. Hou Zongbin, deputy secretary of the Central Discipline Inspection Commission, said at the meeting that it was of extreme importance whether or not a locality and a department can successfully wage the struggle against corruption and whether or not a leading cadre can play a leading role. He urged that all localities and all departments should further upgrade their understanding about the importance of upgrading leading cadres' administrative honesty and self-discipline, continue to firmly grasp the fulfillment of the previous tasks and consolidate the existing achievements, be suited to the 1995 situation and tasks, stress main points, and firmly attend to the fulfillment of the 1995 tasks.

In June this year, the Central Discipline Inspection Commission, the general office of the CPC Central Committee, the general office of the State Council, and the Ministry of Supervision jointly organized 16 groups to specially inspect the vehicles taken by the cadres at the provincial and ministerial levels among 36 departments and committees under the CPC Central Committee, the units directly under the State Council, and 20 provinces, autonomous regions, and municipalities. Simultaneously, they selectively inspected the vehicles used by some departments under the provincial-level organs, key prefectures (cities), and county leading cadres. Through the inspections, they understood the situation that how the central regulations on distribution, use, and management of vehicles were implemented by the units inspected; discovered some existing problems; brought their role as supervisor and inspector into play; and deeply promoted the progress of the vehicle cleanup work.

Hou Zongbin said: Administrative honesty and self-discipline are the basic requirements for each and every leading cadre, a line of defense for leading cadres to ideologically and morally resist the influence of corruption, and a prerequisite for leading cadres to grasp the leadership over the struggle against corruption. He stressed: The majority of leading cadres have enhanced their understanding about administrative honesty and self-discipline. However, the problems concerning their understanding have not completely been solved yet. They should further upgrade their understanding about

the significance of administrative honesty and self-discipline.

Hou Zongbin pointed out: To be administratively honest and self-disciplined, leading cadres should attend to the following few key points at present: Sedan cars owned in violation of criteria should emphatically be handled. The vehicle cleanup work should thoroughly be grasped. We should be determined to resolve the problems of using public funds for wining and dining. Those who knowingly violate discipline should strictly be investigated and handled. It is necessary to properly implement the three systems of reporting on income, registering gifts, and reporting on the use of entertainment allowances by state-owned enterprises.

Hou Zongbin stressed: The general spirit of the policy on leading cadres' administrative honesty and self-discipline is that those who are administratively self-disciplined and those who are not should be treated in different ways. Those involved in general problems may not be investigated so long as they conduct self-investigation and self-correction. Those who thoroughly make self-investigation and self-correction can be handled leniently although their cases are serious and the masses have strong complaints about them. Those who violate regulations and refuse to make self-investigation and self-correction must strictly be handled once their cases are either reported by the masses or discovered by the organizations. Those who knowingly violate discipline must strictly be handled according to the discipline.

Hou Zongbin said: To fulfill the 1995 work regarding leading cadres' administrative honesty and self-discipline, we should deepen the education, pay attention to quality, conduct special inspections, pay attention to being well-disciplined, work out standards for several key links, adopt forceful and effective measures, deeply carry out the work, and firmly attend to implementation of the work. At the meeting, Cao Qingze, deputy secretary of the Central Discipline Inspection Commission and minister of supervision, reported on the inspection of the sedan cars taken by leading cadres. Present at the meeting were Wang Deying, deputy secretary of the Central Discipline Inspection Commission; Wang Guang, Li Zhilun, Liu Liying, Peng Gang, and Pu Jie, standing committee members of the Central Discipline Inspection Commission; heads of the discipline inspection groups stationed in the central and state organs and all departments attached to the Central Discipline Inspection Commission; and directors of the supervisory bureaus.

QIUSHI No. 14 Table of Contents

*HK1807064395 Beijing RENMIN RIBAO in Chinese
16 Jul 95 p 5*

[Table of Contents of QIUSHI No. 14, 16 July 95]

[FBIS Translated Text] Article by Zhang Quanjin: "Emulating Kong Fansen in an In-Depth and Sustained Way"

Article by Xu Wenze: "On 'Instead of Merely Relying on Higher Authorities or Books, One Must Care for Practice Only'"

Article by Sha Quanyi: "On the Practical Significance of Chen Yun's Thinking on Reproduction"

Article by He Zilin: "Leading Cadres Must Be Good at Heeding Different Views"

Article by Qi Shirong: "International Environment and World Significance of the Chinese People's Anti-Japanese War"

Article by Sun Yongfu: "A Magnificent Feat in the History of China's Railroad Development — Thoughts on the Construction of the Beijing-Jiulong Railroad"

Article by He Zhukang: "Greatly Increase the Quality of Economic Growth"

Article by Li Ming: "Grasp Management Well and Be Suited to the Market"

Article by Li Kan: "Reading 'The Selected Works of Mao Zedong on Diplomacy'"

Article by Li Qi and Feng Zhen: "His Heart Is Still Beating — Recalling Mr Xu Beihong"

Article by Zhao Guang: "Beijing-Jiulong Is Permeated With Love — After Viewing the TV Play 'Beijing-Jiulong Affection'"

Article by Xie Yi: "Start the Discussion From Correction of a Formulation"

Science & Technology

Telephone Subscribers Increase in Number

*HK1807090095 Beijing CHINA DAILY in English
18 Jul 95 p 2*

[Article by Xie Liangjun: "Telephone Subscribers Increase"]

[FBIS Transcribed Text] The demand for telephones continues to soar as Chinese families scramble to get phones installed in their homes.

According to the latest statistics released by the Ministry of Posts and Telecommunications (MPT) China had

7.61 million new telephone subscribers in the first half of this year, and 80 per cent of them were for home use.

In 1994, about 10.8 million new telephone subscribers were added, while in 1993, 5.8 million signed up. This year's target for new phone users is set at 12 million.

The MPT statistics indicate that these new phone subscribers explain the rise in phone access across the country — up to 3.76 phones per 100 people from 3.4 about two months ago.

This 0.36 percentage point increase is a step towards the MPT target of 8 phones per 100 people by the end of the century.

At present, the telephone access is reported above 30 per cent in urban Beijing, Hangzhou, Guangzhou, Haikou, Fuzhou Xiamen, Shenzhen, Zhuhai an Shantou. This relatively high rate demonstrates the quick development of urban telephone networks.

The largest group of the 7.61 million new subscribers are from Guangdong Province, where more than 831,000 new telephones were installed from January to June. The second-largest number comes from Jiangsu Province (719,000 subscribers) and Shandong Province is third (534,600 subscribers).

Contrary to the quick growth in these prosperous urban areas, the region with the smallest number of installations was Tibet where 3,120 new telephones were setup during the period. Qinghai Province is second from the bottom of the list with 16,490 new phones installed.

According to the latest information from MPT, China increased its telephone switching capacity by 7.48 million lines in the first half of this year, bringing the country's telephone exchange capacity to 56.25 million lines.

An MPT blueprint said that China will invest 80 billion yuan (\$9.6 billion) in fixed assets in the postal and telecommunications sector in 1995, and expects to increase telephone switching capacity by 14 million lines this year.

MPT officials said that they are confident they will realize these development targets for 1995, especially after the achievements made in the first six months.

They said that during the January-June period, China's postal and telecommunications sector has maintained sustained and high-speed growth.

The sector's traffic volume has enjoyed an increase of 45 per cent in the first half of 1995 over the same period of last year.

Prize for Young Inventors Attracts Shanghai Youth
OW1707171095 Beijing XINHUA in English
1558 GMT 17 Jul 95

[FBIS Transcribed Text] Shanghai, July 17 (XINHUA) —The Elite Invention Prize for Young People is attracting more youngsters from Shanghai, China's leading metropolis.

The award, which is given annually to outstanding young inventors from Shanghai Municipality, was established ten years ago, at the suggestion of Chen Ning Yang, a well-known Chinese-American physicist, and Y.L. Lau, president of Elite Industrial Holdings Ltd. Of Hong Kong.

Over the past ten years, 164 primary and middle school students have won awards for 137 inventions and some 300 students have won prizes of encouragement, with the youngest winner being only nine years old.

Some 100 of the winners are now enrolled in schools of higher learning, some without having taken entrance exams, while some other winners are studying abroad.

Chen Ning Yang and his wife, as well as Y.L. Lau, were present today in Shanghai to present the awards to this year's winners of the Tenth Elite Invention Prize for Young People.

Military & Public Security

PLA Announces Missile-Launch Training
OW1807102395 Beijing XINHUA in English
1013 GMT 18 Jul 95

[FBIS Transcribed Text] Beijing, July 18 (XINHUA) — The Chinese People's Liberation Army is to conduct a guided missile launch training on the East China Sea in late July and vessels and airplanes of other countries and regions are requested not to enter the sea areas and airspace of the training.

XINHUA NEWS AGENCY has been authorized to make the following announcement:

The Chinese People's Liberation Army will conduct a training for launching a surface-to-surface guided missile into the open sea on the East China Sea, a circular sea area with a radius of 10 nautical miles with the central point being 26 degrees 22 minutes north and 122 degrees 10 minutes east, from July 21 to July 28, 1995.

Chinese naval vessels and airplanes will be operating on and over the said sea area.

For the safety of passing vessels and aircraft, the Chinese Government requests the governments of relevant countries and the authorities of relevant regions to ad-

vise the vessels and aircraft of their countries and regions against entering the said sea area and air space during this period.

Circular Warns of 'Hostile Foreign Forces'

HK1807043695 Hong Kong SOUTH CHINA MORNING POST in English 18 Jul 95 p 1

[FBIS Transcribed Excerpt] Beijing has issued an internal circular asking officials and state businessmen to raise their guard against "new Harry Wus". Yesterday, Chinese sources said the document was jointly issued by the Ministry of State Security and the State Bureau of Secrets.

The circular, which was disseminated to mid-ranking cadres or above pointed out that "hostile foreign forces" had stepped up their campaign of infiltration. It said that one form of infiltration was to steal state secrets, which included party documents as well as classified military and commercial information.

"Officials and state businessmen of all levels must heighten their vigilance against foreign spies, their Chinese agents and other collaborators," the circular reportedly said. It made a brief reference to Harry Wu Hongda, the Chinese-American human rights activist who is under detention for alleged espionage. "Wu Hongda has been caught by our vigilant law-enforcement officials," the document said. "But we must beware of new Wu Hongdas."

The Ministry of State Security and the State Bureau of Secrets, which are in charge of counter-espionage and the plugging of the leakage of classified material, asked officials to be more circumspect in their daily interactions with foreigners. Cadres and business men were particularly warned against taking bribes and other economic inducements.

The document said instructions had been sent to Customs and border checkpoints nationwide asking them to be more effective in preventing foreigners and Chinese from taking state secrets out of the country. In internal party meetings, senior cadres have repeatedly cautioned that in view of the uncertain health of patriarch Deng Xiaoping, "hostile foreign forces" led by Washington would boost their efforts to turn China into a "vassal of capitalism" through the process of peaceful evolution.

Zhang Wannian Stresses Professional Training

OW1707151595 Beijing XINHUA in English
1433 GMT 17 Jul 95

[FBIS Transcribed Text] Beijing, July 17 (XINHUA) — The key to building strong armed forces in China using science and technology is to train a large number

of senior scientific and technological personnel in the army, a leading Chinese military officer said here today.

Zhang Wannian, a member of the Central Military Commission (CMC) and also Chief of the General Staff, made the comment while holding discussions with members of the Chinese Academy of Sciences and the Chinese Academy of Engineering from the Headquarters of the General Staff of the People's Liberation Army (PLA), who attended a forum held here today.

Zhang said that implementing the strategic policy, of bringing prosperity to China using science and technology, of the Central Committee of the Communist Party of China (CPC) and the State Council, and implementing strategic military policies in the new period are a must for developing and widely applying modern technology and using scientific progress as a motive force to advance the pace of modernization of the armed forces.

He urged the participation of experts in the armed forces at the front of military science and technology, and the organizing of specialized technical officers to choose the proper research programs and helping them to get more scientific findings, so as to improve the combat readiness of the army.

While calling for the training of more outstanding young people with special talents, Zhang also urged the senior military officers to work hard to offer more constructive ideas to party committees and departments at various levels of the armed forces in decision making, so as to advance the work of the armed forces.

Zhang also urged departments and officers at various levels of the armed forces to foster a healthy respect for knowledge and for talent, to be respectful of senior experts of the armed forces, and be a good rear-guard.

Guangzhou MR Commander Attends Japan War Rally

HK1807021095 *Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 29 Jun 95*

[FBIS Translated Text] The People's Liberation Army [PLA] units stationed in the Guangzhou area, including ground, naval, and air forces, yesterday evening solemnly held in the Guangzhou Military Region gymnasium a song rally to observe the 50th anniversary of the Chinese People's War of Resistance against Japan.

The rally was attended by more than 3,000 officers and soldiers, including General Li Xilin, Guangzhou MR commander; Shi Yuxiao, Guangzhou MR political commissar; teachers and students of various Guangzhou-

based military academies; and professional literary and art workers.

Eleven chorus troupes organized by the PLA units stationed in the Guangzhou area sang the following songs: "Defend the Huanghe," "Song of Guerrilla Forces," "There Would Be No New China Without the Communist Party," and so on.

Persons in charge of the Guangzhou MR organs and major PLA units stationed in the Guangzhou area, such as Zhou Yushu and others, together sang "PLA March" at the rally.

Yunnan Secretary, Governor Meet Local Army Leaders

HK1807020895 *Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 23 Jun 95*

[FBIS Translated Text] Yesterday afternoon at Kunming Zhenzhuang Guesthouse, Gao Yan, secretary of the Yunnan Provincial CPC Committee, and He Zhiqiang, deputy secretary of the provincial party committee and governor, met with Lieutenant General Zhang Zhiqian, political commissar of the Chengdu Military Region, Major General Tan Shilu, deputy chief of staff of the military region, and leading officers of army units stationed in Yunnan. Also present at the meeting were provincial party, government, and army leading officials Zhang Baosan, Li Jie, Dai Guanglu, Zhu Qi, and Ma Zirong.

Gao Yan cheerfully said: In recent years, Yunnan's economy has been developing rapidly, commodities have been in ample supply, commodity prices have remained stable, various nationalities are united with each other, and society has remained stable. All these would be impossible without the army's support and help. In particular, whenever the province is faced with emergencies or difficult and dangerous situations, you comrades from the army always work on the first front, giving support to the party and government and helping the people solve difficulties. You have made definite contributions to local economic construction, defending the national border, and maintaining social stability, which is a full proof of unity between the army and the people of all nationalities in Yunnan.

After giving a briefing on the work of the provincial party committee and government, Gao Yan and He Zhiqiang said: We hope you comrades from the army will, as you have done before, continue to render support and assistance to Yunnan in its reform and opening, economic construction, and social development.

In reply, Zhang Zhiqian said it is the army's duty to give support and help to Yunnan. He expressed thanks

to party committees and governments at all levels of Yunnan for their help to the army. He said: We people in army units are very glad that Secretary Gao Yan has come to work in Yunnan. I would like to welcome you on behalf of the Chengdu Military Region and the army units stationed in Yunnan.

After giving a briefing on the work of the army units, Zhang Zhiyan said: The army, the government, and

the people are all members of the same family. We will carry forward the glorious tradition of supporting the government and loving the people, and will make our contributions to further promoting stability and social tranquility in border areas, speeding up economic construction, and building and developing Yunnan Province.

General

Jiang Zemin on State-Owned Enterprise Reform

OW1707144995 Beijing XINHUA Domestic Service
in Chinese 1314 GMT 12 Jul 95

[*"With Faith Firm and Tasks Clearly Defined, Actively Carry State-Owned Enterprise Reform Forward — Jiang Zemin's Speeches at the Forums on Enterprises, Which Were Held in Shanghai and Changchun (on 22 May and 26 June 1995")*]

[FBIS Translated Text] Beijing, 12 Jul (XINHUA) — I visited Shanghai, Jiangsu, and Zhejiang in May; and Liaoning, Jilin, and Heilongjiang in June, inspected nearly 50 enterprises one after another, and called some 10 forums and report-back meetings. The main purpose of my doing that was to solicit the provincial and city authorities' and enterprises' opinions and study the issue of further carrying forward the reform and development of enterprises, medium and large state-owned enterprises in particular.

The party Central Committee and the State Council have defined state-owned enterprise reform as the focal point of this year's economic structural reform. All provinces and municipalities have been conscientiously implementing the party Central Committee's and the State Council's important policy decision in the light of their own actual conditions. Hence, new advances have been made in enterprise reform. Thanks to their efforts to deepen reform, change the way enterprises operate, and strengthen internal management, quite a few enterprises have further mobilized the enthusiasm of the broad masses of staff members and workers, thus making themselves more dynamic and competitive in the market. A number of large enterprise groups are taking shape and have initially displayed their strong points. In a word, the situation of enterprise reform and development is fine. To carry forward actively the reform of enterprises, medium and large state-owned enterprises in particular, judging from what I learned during my recent inspections, at present we should place great stress on handling the following things:

1. We should further strengthen our resolve and confidence to run state-owned enterprises well.

The experiences of reform and development over the last few years have shown that we should have a firm grasp of two important things: Strengthening the status of agriculture as the foundation of the national economy and running medium and large state-owned enterprises well. They constitute two focal points of our work. Agriculture is the foundation of the national economy and social development and has a bearing on the important issue of feeding a hundred million or so people. There-

fore, we should resolve problems concerning agriculture through our own efforts. Medium and large state-owned enterprises constitute the mainstay of the national economy. Running medium and large state-owned enterprises well is of great significance in boosting China's economic strength, improving the people's standards of living, maintaining social stability, and building socialism with Chinese characteristics. The goal of China's economic structural reform is to establish a socialist market economic structure instead of practicing a capitalist market economy. It is important to enable the national economy and the entire economy based on public ownership to keep on growing, to maintain always the dominant position of the economy based on public ownership in the national economy, and to bring the national economy's dominant role into full play. If the dominant position of the economy based on public ownership and the dominant role of the national economy are lost, it will be impossible to build socialism with Chinese characteristics. Therefore, running state-owned enterprises well, particularly medium and large enterprises, is both an important economic issue that has a bearing on the development of the national economy as a whole and an important political issue that has a bearing on the destiny of the socialist system.

We should also notice that the world is experiencing a profound change. In international relations, the role of economic factors has kept on increasing, while competition in overall national strength based on scientific, technological, and economic strength is increasingly becoming a leading factor determining the international status of a country. For us to occupy a favorable position in the acute international competition, what is of crucial importance is to raise our scientific and technological level and enhance our economic strength. In so doing, above all else, the steady growth of the economy based on public ownership, medium and large state-owned enterprises in particular, plays a decisive role. This being the case, we should further strengthen our resolve to run state-owned enterprises well. To put it another way, while establishing the socialist market economy, we should develop the national economy and the entire economy based on public ownership well, and on no account should we weaken them. We must have this determination and not waver in the slightest degree in this regard. We should make good use of the remaining five years of this century, a period of crucial importance to us, and break a path, through repeated explorations, of running state-owned enterprises well.

Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, the 14th CPC Congress summed up the practical experiences of reform, opening up,

and economic construction over the past 10 years and more and determined a reform goal for establishing the socialist market economy. The Third Plenary Session of the 14th CPC Central Committee took one step further by making it clear that the orientation of the reform of state-owned enterprises is to establish a modern enterprise system. Last year, the CPC Central Committee and the State Council adopted a series of policies and measures, including some major measures for improving the reform of the macro-economic control system, and created conditions for restructuring state-owned enterprises. Generally speaking, through the reform of the last 10 years and more, state-owned enterprises have made fairly big changes. As a result, enterprises have increased their vitality. There have appeared some medium and large enterprises which are well-managed and enjoy good reputations in the markets both at home and abroad. A group of high-quality managers and business operators have been cultivated and trained. Meanwhile, practical experience has been accumulated in running state-owned medium and large enterprises well. All in all, we are certainly qualified to run state-owned enterprises well, and we are confident about that.

Of course, some state-owned enterprises are still experiencing many difficulties and problems in market competition. There are many reasons for this complicated situation. But one thing is certain — that is, the reason some state-owned enterprises lack vitality is not the ownership problem but the enterprises' mechanisms, external environment, and issues left over from the past. These problems are absolutely resolvable, step by step, through deepening reform.

Comrades of the whole party, particularly responsible comrades at all levels, must comprehensively and correctly analyze the current situation of state-owned enterprises and have a clear understanding of the importance and urgency of running state-owned enterprises well. On one hand, they should have a full understanding of state-owned enterprises' advantages as well as their achievements in reform and foster their faith in running state-owned enterprises well. On the other hand, they should take a square look at the difficulties and problems existing in state-owned enterprises and have a clear understanding of the arduousness and protracted nature of restructuring state-owned enterprises, thereby making solid and persistent efforts to resolve these difficulties and problems. In this way, we can take active and stable measures in guiding and promoting the work of restructuring enterprises and accomplish the heavy task of restructuring enterprises as entrusted to us by history.

2. We should have a comprehensive and correct understanding about the basic characteristics of a modern enterprise system.

The "decision" adopted by the 14th CPC Central Committee at its Third Plenary Session points out: "Establishing a modern enterprise system is a prerequisite for developing socialized mass production and the market economy, and it represents the orientation of reform of China's state-owned enterprises." Also, the decision generalizes about a modern enterprise system as follows: "Property rights as well as the rights and responsibilities of enterprises are clearly defined, government administration and enterprise management are separated, and scientific management is established." These sentences, expressing an idea of a mutually-related and integrated whole, should not be abridged. We should not emphasize one aspect to the neglect of others. Establishing a modern enterprise system represents a summing-up of the experience gained in economic reform, particularly enterprise reform, over the past 10 years and more, as well as a theoretical development. We must adhere to this orientation for reform and conscientiously organize the work of conducting reform experiments at selected places.

Judging from what we have achieved, we have gradually deepened our understanding of the content of a modern enterprise system and the significance of establishing such a system. Under the planned economy of the past, state-owned enterprises, whose production and management were mainly arranged by the government's administrative decrees and mandatory plans, were not allowed to conduct management independently and to shoulder sole responsibility for gains and losses. As a result, enterprises ate the state's "big pot meals," and workers and staff members ate enterprises' "big pot meals." Enterprises were short of vitality, and the national economy as a whole was affected. Establishing a modern enterprise system aims at finding fundamental solutions to these problems and making state-owned enterprises change their operational mechanism by turning themselves into legal entities and into a main component of the market, responsible for their own decisions about operation and expansion and for their own profits and losses.

Building a modern enterprise system is an important exploration in enterprise reform. We still lack experience in this regard, so we need to conduct experiments on a number of selected enterprises. The State Council has selected 100 enterprises, and all localities also have selected a number of enterprises for conducting these experiments; the purpose is to enable these selected enterprises to take the lead in making reforms, to strive to make breakthroughs in some key and difficult areas of reform, and to provide experience and methods

for further deepening enterprise reform. In the process of this exploration, it is normal to have some different views. The important thing is to tackle new problems boldly and to discover problems and sum up experience promptly, to continue deepening reform. The situation of one state-owned enterprise may greatly differ from the situations of others. Therefore, we should insist on proceeding from each enterprise's reality and should not blindly follow others, adopt the same methods to handle different situations, and indiscriminately adopt the same models used by others. Different localities and enterprises may have different focuses of reform. As the results of a recent survey show, all localities have proceeded from their realities and set forth their ideas and arrangements for enterprise reform. Experimental work is being carried out in increasingly wider areas. While we properly organize the experimental work on establishing a modern enterprise system, we should properly carry out current enterprise reform work, improve enterprises' internal management, transform enterprises' operating mechanisms, truly separate government administration from enterprise management, tighten the management and supervision of state-owned assets, refine the social security system, and properly carry out various basic work for establishing a modern enterprise system.

3. Develop and build up the public-owned economy while deepening enterprise reform.

Insisting on regarding the public ownership system as the main body and on simultaneously developing economies in all sectors is an important principle of building socialism with Chinese characteristics. Through deepening reform, we should accelerate the transformation of enterprises' operating mechanisms, improve the competitiveness of state-owned and collective-owned enterprises, maintain the public-owned economy as the main body of the national economy, and enable the state-owned economy to play a leading role in the national economy. While actively boosting development of the public-owned economy, we should encourage development of individual, private, foreign-funded, and other economies, to enable these economies to supplement the public-owned economy and to fully and effectively rally the enthusiasm of all sectors to boost the development of productive forces. In general, the public-owned economy's status as the main body and the state-owned economy's leading role are mainly demonstrated by the fact that state-owned and collective-owned assets constitute a dominant portion of total social assets, the fact that the state-owned economy controls the state's economic lifeline, and the fact that the state-owned economy leads national economic development. Since reform and opening up began 17

years ago, the state-owned economy and economies of other kinds of ownership have greatly developed, but the state-owned economy has always controlled the state's economic lifeline. The state-owned economy is in an absolutely dominating position in the electric power, petroleum and natural gas, petroleum processing, metallurgical, transport, large complete-set equipment manufacturing, chemical, and other important industries that affect the national economy and people's livelihood. Particularly, the banking, telecommunications, railways, aviation, and other industries of the state's lifeline are under the state's control. In 1993, China had 13,700 medium and large state-owned industrial enterprises operating on independent accounting systems, making up 3.4 percent of the country's total industrial enterprises; but these state-owned industrial enterprises delivered to the state about 65 percent of the total profits and taxes delivered by all industrial enterprises. Over the next few years, the weight of the state-owned economy in some industries probably will change, but the state-owned economy will play a leading role as long as it is in a dominating position in important and key industries and fields of the national economy. Only by insisting on regarding the public-owned economy as the main body and on simultaneously developing economies in all sectors can we fully rally the enthusiasm of all social sectors, develop our economic structure and all social undertakings in a coordinated manner, manifest the principle of efficiency, realize social equality, achieve common prosperity, maintain social stability, and build socialism with Chinese characteristics.

4. We should integrate deepening enterprise reform with strengthening enterprise management, promoting development, and raising the quality of economic growth.

The relations between deepening enterprise reform and strengthening enterprise management are those of mutual promotion, complement, and guarantee. In the course of deepening enterprise reform, it is necessary to enhance enterprise management to create conditions for deepening the reform and to ensure the consolidation and development of the fruits of reform. An enterprise's internal management cannot be strengthened in a way suitable for the socialist market economy unless deepening reform and enterprise management involves rich reforming content; the reform of enterprise management is an important component part of enterprise reform. While upholding effective management systems and methods, we should strive to enrich enterprise management with new contents, methods, and means and realize scientific management according to the needs of socialist market economy development. Therefore, it is necessary to integrate deepening enterprise reform with strengthening enterprise management in an orga-

nized way, instead of isolating one from another. Reform brings about management and provides conditions for scientific management, but it cannot replace specific management systems and affairs. Once the management is strengthened, it can promote smooth progress in various reforms in enterprises; this dialectical unity and relationship must be properly dealt with. Presently, some enterprises are loose in management, relaxed in discipline, seriously wasteful, and lacking in supervision and in mechanisms for self-restraint. Some just stress expanding enterprise autonomy in operations and overlook the requirements of transforming enterprise operating mechanisms, improving internal management, and accepting the state's macroeconomic regulation and control. Therefore, it is even more important to strengthen enterprise management further in the course of reform. A great potential for raising an enterprise's efficiency lies in strengthening management. We should make efforts to improve ourselves and seek quality, markets, and efficiency through management.

We should also integrate deepening reform with promoting development and raising the quality of economic growth, and promote economic development and raise the quality of economic growth with enterprise reform. Presently we should pay attention to four aspects of work: 1. It is necessary to concentrate our strength on a group of large enterprises. A country's economic development, realization of industrialization, and improvement in overall economic quality mainly rely on large enterprises and conglomerates. With a group of large enterprises and conglomerates, it is possible to bring about sound development of a large group of small and medium-sized enterprises, and there will be more room for readjusting enterprises in dire and difficult situations. Meanwhile, it is necessary to step up reform of small and medium-sized state enterprises, transform operating mechanisms of enterprises, establish and develop enterprise groups that will coordinate with and serve large enterprises as well as engage in specialized production and operations. It is necessary to deregulate further and invigorate ordinary small state enterprises — some can be merged, combined or leased, whereas some can be reorganized into companies under a cooperative share system or be sold. Recently the State Council has been concentrating on the work of supporting 1,000 large state enterprises so that they will be a mainstay of economic development. In this way, we can emphatically support a group of top-notch enterprises that have vital importance to the national economy and the people's livelihood, the economy of scale, and a leading position in trade. This is of great significance to consolidating the status of public ownership as the main body and bringing into play the leading role of the state-owned economy. 2. It is necessary to promote the rational liquidity of state-owned

assets and guide the transfer of state-owned assets to the field of high efficiency, so that it will be conducive to maintaining and increasing the value of state assets in a more effective way. In view of the existing low-level, miscellaneous, and overlapping enterprise structure, it is necessary to conduct structural readjustment, optimize the allocation of resources, and achieve the economies of scale through merger and combination. 3. From now on, new state-invested enterprises should be brought under the regulation of a modern enterprise system from the beginning and engage in production and operating activities as well as in market competition in light of this system. If we properly integrate reform with development, we can make effective use of the stock and increment of state-owned assets, bring into full play the leading role of the state-owned economy, and create new supremacy for state-owned enterprises under the circumstances of a market economy. 4. It is necessary to strengthen technological development and technical transformation, develop a mechanism for technical innovation in enterprises, raise the quality of products, and enhance enterprises' competitiveness in the market in the course of deepening enterprise reform.

During the inspections and discussion meetings, many enterprise leaders said: Deepening the reform of state-owned enterprises should be integrated with the work of reorganizing enterprises, upgrading technology, and improving enterprise management. This is good thinking. We should pay attention to summing up experience continuously during the course of practice. We should try to achieve results and persist in our tasks.

5. Efforts should be made to carry out various supplementary reforms.

Deepening reform of state-owned enterprises and establishing a modern enterprise system are complicated, systematic projects. Some of the difficulties and problems currently encountered by enterprises reflect problems existing in enterprises themselves; some reflect deep-seated problems in the national economy. Therefore, we should not only change enterprises' management mechanisms but also make more efforts to reform the macro-economic control system and other supplementary reform measures so as to create conditions for resolving the problems and difficulties currently faced by enterprises.

In recent inspections and researches, I felt that we should concentrate on the following problems while deepening the reform of enterprises and setting up a modern enterprise system in selected places: First, we should accelerate efforts to solve the problem of the lack of separation of government administration and enterprise management. Second, we should strengthen

management and supervision of state-owned assets. Third, we should establish a social security system as soon as possible. Fourth, efforts should be made to solve the overburden problems of enterprises.

Separating government administration from enterprise management constitutes an important part of our current drive to deepen the reform of enterprises. Over the past 17 years of reform and opening up, government organizations have undergone readjustment many times. But we have not yet completely gotten rid of the management system of the planned economy. If the government does not change its functions, it will be difficult to separate government administration from enterprise management, and the government will interfere in enterprises' production and management activities. Enterprises that follow the government's instructions in carrying out their business or burden the government without shouldering any responsibility find it difficult to adjust to the requirements of the market economy. To solve the problem that government administration and enterprise management are not separated and to establish a socialist market economy in accordance with the principle of separating the government's socio-economic control function from its function as owner of state property, we should actively try to explore reasonable forms and channels for controlling and managing state-owned assets and to standardize the behavior of the government and enterprises in a systematic manner. In line with the principle of separating government and enterprise functions, simplifying structures, and promoting unity and efficiency, we should continue to reform government organizations at the earliest possible date. The economic management departments of the government should transform their functions; specialized economic departments should gradually reduce their size; and comprehensive economic departments should properly perform their work of overall coordination. At the same time, the government's social management functions should be strengthened to ensure the normal operation of the national economy and good order in society. Guided by market information and the state's macro-economic control policy, enterprises should conduct management independently and shoulder sole responsibility for gains and losses.

The losses of state-owned assets constitute an outstanding issue which is caused mainly by poor management and supervision of state-owned assets. It is clear that state-owned assets belong to the state. But we have not yet solved the problem that nobody assumes responsibility for maintaining and increasing the value of state-owned assets. Consequently, the rights and benefits of state-owned assets have not been given appropriate protection. So it is necessary to strengthen the manage-

ment and supervision of state-owned assets in accordance with the requirements of the "decision" adopted by the 14th CPC Central Committee at its Third Plenary Session concerning the ownership and management system of state-owned assets so as to stop loss of state assets and maintain and increase the value of state-owned assets.

Enterprise personnel are allowed to seek other jobs. Those enterprises which have been run at a loss for a long time and whose assets cannot cover the debts should apply for bankruptcy according to law. This means that successful enterprises prosper and those that fail are eliminated in market competition. This also represents an important condition for invigorating state-owned enterprises. As to the problem of distributing enterprises' surplus labor force and reemploying workers and staff members of bankrupt enterprises, the government and enterprises should try to solve it properly by running tertiary industries to open up the reemployment channel. They should not take the easy way out by pushing these people out into society. In addition, we should change our idea about employment. We should establish and improve the labor market so as to form a reasonable mechanism for the flow of labor. Meanwhile, it is necessary to step up the establishment of a multi-layered social security system, particularly the system for endowment, unemployment, and medical insurance. This is of great significance to deepening enterprise reform, maintaining social stability, and smoothly establishing a socialist market economy structure. The State Council has recently made arrangements for the work in this field; all localities should strengthen leadership, properly carry out pilot projects, and conscientiously organize implementation of such arrangements.

The irrational capital and liabilities ratio and excessive rate of debt in state-owned enterprises, particularly in large and medium-sized enterprises, are results of various complicated factors over the years. Some enterprises have not increased capital in the course of development, some had a very low capital ratio at the time of establishment, and some even had no capital at all. An enterprise's irrational asset liability ratio not only affects its development but also affects a fair assessment of the enterprise itself. A certain amount of capital must be invested in running an enterprise; running a business without capital will not do. From now on, when establishing a new state-owned enterprise, an appropriate amount of capital must be available, or the enterprise cannot be started. Capital ratio should be set rationally, according to the trade the enterprise is engaged in, the stage of its development, and the needs of its operations. We cannot dodge the problems of enterprises' low capital ratio and heavy burden of debts at present; instead,

we should regard it as an important issue in deepening the reform of state-owned enterprises and should properly handle it, step by step, under the leadership and according to relevant state stipulations, after clarifying the nature and conditions of debts. To solve this problem, we should mainly rely on the efforts of enterprises to improve their efficiency, "supplement and revitalize themselves," and set their eyes on their internal potential, instead of merely waiting for the state to solve the problem. We cannot start a "trend of repudiation" in any form; we must forestall such a trend. Of course, governments at all levels should provide due support to the issues such as properly handling some projects whose financial appropriations were turned into loans and viewing these loans as state investments. During my inspection tour, I saw many state-owned enterprises had found, in the course of practice, a way of pooling financial strength through various channels to increase capital and reduce debts. Take Shanghai as an example; its efforts can be summed up in "six measures" — the measure of absorbing capital through various channels for mainstay industries, the measure of making good use of stockpiles, the measure of turning creditor's right into stockholder's right, the measure of merging or allowing enterprises to go bankrupt, the measure of developing enterprises, and the measure of government support. In the course of development, collectively owned enterprises in Jiangsu and Zhejiang have attached importance to supplementing capital with their own funds, so they have a fairly rational asset-liability ratio and higher capability for self-development. I think these methods are good, but of course they need to be further supplemented and improved. These methods have emphasized establishing a new mechanism for increasing enterprise capital instead of simply writing off an enterprise's historical debt burden. If enterprises do not establish a mechanism for increasing capital but simply write off their debts, then old debts will certainly be written off; but new ones will appear over a period of time, and their asset-liability ratio will remain unchanged.

6. It is necessary to rely wholeheartedly on the working class and strengthen the construction of leading bodies for enterprises in deepening enterprise reform.

Wholeheartedly relying on the working class — this is determined by the nature of the CPC and our country as well as by the historical position and role of the working class. The working class is the leading class in our country, the representative of the advanced productive forces and production relations, and the most fundamental force for construction, reform, and maintaining social stability. The CPC must wholeheartedly rely on the working class in guiding reform, opening up, and economic construction; this should not be shaken at

any time or under any circumstances. We should also uphold this point in the course of deepening reform of state-owned enterprises and establishing a modern enterprise system. Practice has proven that without the support of the broad masses of workers and people, the success of enterprise reform would be impossible. In relying on the working class wholeheartedly, we should politically guarantee the position of workers as the masters of enterprises, harness the initiative and creativity of workers at large, and enhance enterprises' cohesive power and appeal. We should strengthen democratic management, listen to the views of workers, provide them with an institutional guarantee for understanding and participating in enterprise management and operation, and help them to exercise effective supervision over enterprise directors. We should intensify the building of the workers' contingent; improve their overall quality; arm large numbers of workers with the theory of building socialism with Chinese characteristics and rudimentary knowledge of the socialist market economy; and further educate workers in patriotism, collectivism, and socialism. We should protect workers' legitimate rights and interests according to the law; constantly improve the production environment and conditions; and care about workers' life and welfare, especially the life of workers of enterprises currently experiencing financial straits. Party committees and trade unions should strive to conduct meticulous ideological and political work, promptly dissolve contradictions among workers, strengthen unity, and enhance combat capability. In the course of reorganizing enterprises, we should promote mergers and avoid bankruptcy as far as possible. When an enterprise meets the conditions for bankruptcy and is bound to go bankrupt, it may declare bankruptcy according to the law. However, we should encourage more enterprises to merge with others. We should also ensure a good job of resettling personnel of bankrupt enterprises to maintain social stability.

In addition to deepening reform of state-owned enterprises, directors and managers will play an even more pivotal role in enterprises. Many facts show that, given a generally identical external environment, the success of reform and growth of an enterprise hinges upon the quality and capability of its director or manager. Directors and managers with good political and ideological qualities, pioneering spirits, and decisiveness in policy and management can turn small, weak, deficit-ridden enterprises into big, strong, profitable ones. Therefore, we should attach great importance to training talented people and to building up leading bodies. Only a capable leading body can wholeheartedly rely on the working class and mobilize all positive factors; only a capable leading body can practice sound enterprise mechanisms, turn out quality products, make the enterprise more com-

petitive in the market, and improve enterprise performance. It should be pointed out that as enterprises are granted greater autonomy in decision making, enterprise directors should cherish and effectively use their powers even more. While making major policy decisions, they should voluntarily place themselves under the state's macroeconomic regulation and control; accept supervision by the masses of workers; make policy decisions in a democratic, scientific way; and guard against the practice of letting one person alone make decisions. In line with the requirements for establishing a modern enterprise system, we should set up a system for enterprises to make policy decisions, implement them, and supervise the implementation, thereby building effective mechanisms for internal supervision and self-restraint.

7. We should further strengthen leadership of enterprise reform.

Deepening enterprise reform, changing the operating mechanisms of enterprises, and establishing a modern enterprise system are very important and yet arduous tasks in the process of establishing a socialist market economy. Party committees and governments at all levels must attach great importance to and strengthen the leadership of these tasks.

First, we should step up study. Shouldering the great tasks of carrying out the socialist modernization drive and of establishing a socialist market economy, we are constantly confronted with changes in situations and new circumstances and problems. As there is much that we do not understand or are unfamiliar with, we should study diligently to broaden our knowledge and enhance leadership capability. We should study, first of all, Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as well as the guidelines of the 14th CPC National Congress and the decisions adopted by the Third and Fourth Plenary Sessions of the 14th CPC Central Committee. Meanwhile, we should study new knowledge related to the socialist market economy, science and technology, and management; and should proceed from reality in everything in carrying out work in a creative way. Only by so doing can we take up the heavy tasks entrusted to leaders.

Second, we should place the deepening of enterprise reform and experimentation with a modern enterprise system as an important item on the agenda of leaders at all levels. We should work out overall plans according to the actual situation. The provinces, autonomous regions, and municipalities have already worked out their own plans and arrangements for enterprise reform. On the basis of these plans and arrangements, we should further map out overall plans and arrangements for promoting enterprise reform in a guided and orderly manner.

We should promptly study and solve contradictions and problems cropping up in the course of enterprise reform. Leading comrades of the provinces, autonomous regions, and municipalities should personally attend to this task.

Third, we should go deep into the realities and carry out work in a down-to-earth way. Deepening the reform of enterprises and establishing a modern enterprise system are extremely arduous tasks, in which we lack experience and ready formulas to follow. We can only constantly study, explore, and innovate in the course of practice. Therefore, every leading cadre should go down to the frontline of enterprises to conduct meticulous investigation and study and to obtain first-hand materials for enterprise reform, showing respect for the masses' pioneering spirit and promptly summing up experience for correctly guiding enterprise reform and achieving breakthroughs in a number of key and difficult areas in the experimentation with a modern enterprise system.

Fourth, all departments should work closely together and step up coordination. As the deepening of enterprise involves various sectors, all departments concerned should make the deepening of enterprise reform an important component of their work and should proceed from the overall situation in actively helping enterprises solve difficulties and problems in reform. Departments should step up coordination; and, in accordance with the 14th CPC National Congress guidelines and the decision of the Third Plenary Session of the 14th CPC Central Committee, should unify thinking and understanding and promote enterprise reform with one heart and one mind.

It has been two years since the Third Plenary Session of the 14th CPC Central Committee was convened. The reform of state enterprises and experimentation with a modern enterprise system have been gradually carried out. We should further emancipate the mind, seek truth from facts, boldly try out new measures, constantly sum up experience, more actively promote reform, and strive to achieve significant progress. We are convinced that guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, by using the "conducive to three causes" (meaning "conducive to developing the productive forces of our socialist society, increasing the overall strength of our socialist country, and improving the people's living standards") as the criterion for evaluating merits and demerits in the work of all fields, and by working hard and conscientiously, we will definitely be able to carve out a distinctively Chinese way of reforming state-owned enterprises.

Official Urges Good Management of State Enterprises

OW1707170795 *Beijing XINHUA in English*
1611 GMT 17 Jul 95

[FBIS Transcribed Text] Beijing, July 17 (XINHUA) — State-owned enterprises are the holders of state property and must be managed soundly, Zhang Youcai, Vice-Minister of Finance, said.

"Whether China's finances can be satisfactorily handled depends largely on the performance of large and medium-sized state-owned enterprises," said Zhang, who is also director of the State Administration of State Property (SASP), in a meeting with more than 100 young entrepreneurs from across the country.

The young entrepreneurs said that both they and the government should make joint efforts at finding ways of solving the question of surplus labor and of the large number of retired people, as well as that of social services.

Officials from the State Planning Commission and the Commission for Restructuring the Economy attended the meeting which was held for members of the China Young Presidents Organization of State-owned Property (CYPOSP), an organization composed of chief executives of large and medium-sized state enterprises.

In a fresh move to alleviate the loss of state property, the new organization will help develop a large number of talented management personnel for state-owned enterprises, and serve as a bridge between the enterprises and state property management departments.

Vice Minister Addresses Conference on State Firms

OW1807051195 *Beijing XINHUA in English*

0454 GMT 18 Jul 95

[FBIS Transcribed Text] Dalian, July 18 (XINHUA) — A senior Chinese official stressed the need to turn existing state-owned enterprises into state-invested ones adapted to the development of a socialist market economy.

State-run, state-owned and state-invested enterprises are different in nature, said Hong Hu, vice minister of the State Commission for Restructuring the Economy, at a national conference here.

State-run enterprises were mainly set up during the period of a planned economy, state-owned enterprises were the products of the period of a planned commodity economy, while state-invested enterprises appear during the period of a socialist market economy, he explained.

Only when state-owned firms are transformed into state-invested ones can they become real legal persons and participate in market competition.

Reviewing the operation of state enterprises before the country's economic reform in late 1978, Hong said these enterprises neither had the status of legal person nor were they involved in market competition, as they were directly managed by the state.

In 1988 the National People's Congress adopted a law on state-owned enterprises, which vests enterprises with the power to use state-owned property, the status of legal person and right of independent management.

In this way, state firms are no longer subsidiary bodies of the government, but entities engaging in independent operation under government guidance.

There is also a fundamental change in the respective responsibility of the state and enterprises. In the past the government controlled all the profits and expenditures of state enterprises, Hong said.

Under the new system the responsibility of the government as far as the state-invested enterprises is concerned depends on the amount of state investment in them. There is an explicit demarcation between property right and responsibility, and government administration is separate from management, thus paving [as received] a way for the establishment of scientific management of modern enterprises.

At the moment, state-invested enterprises in China can be classified into five groups: enterprises owned by the whole people, exclusively state-funded companies, companies in which the state controls the stock, shareholding companies, and state-invested enterprises, he said.

State To Draft New Accounting Regulations

HK1807090295 *Hong Kong HONGKONG STANDARD (FINANCIAL REVIEW) in English*
18 Jul 95 p 2

[By Rachel So]

[FBIS Transcribed Text] China is drafting a new set of accounting regulations which, if fully implemented, would bring China's accounting practices in line with the international system, according to a local accounting expert.

A new accounting system would help solve the accounting problems Chinese companies face when applying for a listing in Hong Kong, according to Alden Leung, senior manager at Ernst and Young.

However, it should take quite a while for the completion of the drafting work, an analyst said.

The drafting process is currently at the consultation stage. Some Hong Kong accounting firms have been invited to comment on the regulations.

Mr Leung said the draft showed a vast improvement in China's accounting system.

"I can't disclose any details as the papers are still undergoing consultation, but I can say that if the draft is implemented in China, the accounting system could be in line with the international one," he said.

The Hong Kong Society of Accountants said the Chinese government planned to issue 32 consultation papers to seek advice from Hong Kong accounting firms.

So far, 14 papers had been sent to Hong Kong, implying there was a long path to go, the analyst said.

Mr Leung said the Chinese accounting system, after adjustment in the past few years, was approaching the global accounting standards.

Yet, remarkable differences between the two systems still existed on matters such as asset valuation, bad debt and stock provision, Mr Leung added.

The accounting system in Hong Kong included specific bad debt provision and general provision, while under China's existing accounting system there was only general provision in bad debt accounting.

The discrepancies creates problems for H share companies.

"They are required to follow the Chinese accounting system when seeking listing on China's stock exchanges but they are asked to give another accounting report to the Hong Kong stock exchange when they attempt to list in the territory," Mr Leung said.

An adjustment must be made when the H share company traded in Hong Kong, he added.

Also, Chinese companies were required to follow the international system when they wanted to establish a joint venture with international companies and discrepancies resulted.

Reform 'Must Not' Result in State Property Loss

OW1807085595 *Beijing XINHUA in English*
0835 GMT 18 Jul 95

[FBIS Transcribed Text] Beijing, July 18 (XINHUA)
— State property must not be lost when enterprises are being transformed into share-holding economic entities, the State Administration of State Property (SASP) warned today.

China's policy is to turn some small state-owned enterprises into stock-issuing entities, SASP Deputy Director Zhu Zhigang told a press conference here today.

"But in some places and enterprises state property has been undervalued or turned into enterprise or collective stocks which, in turn, have been allocated to individual workers free of charge, resulting in loss of state assets," Zhu said.

He noted that the incremental part of state assets in state enterprises belongs to the state.

The ownership of state property must not be changed through turning state assets into enterprise or collective shares, and state and collective assets must not end up in the hands of individuals, Zhu emphasized.

State property in enterprises must be properly appraised and not be undervalued when enterprises are transformed into share-holding entities, Zhu said.

The incomes from the sales of the ownership of state shares must be invested in priority industries decided by the central government, rather than kept with the enterprises, Zhu said.

He pointed out that individual workers must pay in cash part of the money needed for the acquisition of state shares, and the remaining part must be paid within a limited time period.

The SASP has found that state assets often get lost and is formulating rules on how to investigate and handle cases of loss of state property, according to Zhu. He added that state property management departments at various levels have already begun, or are about to begin, investigating all reported cases of loss of state property.

Foreign Cooperation Planned in Aviation

OW1807084595 *Beijing XINHUA in English*
0809 GMT 18 Jul 95

[FBIS Transcribed Text] Beijing, July 18 (XINHUA)
— Foreign co-operation will be sought in the building or expansion of 32 airports in China over the next five years.

Such co-operation will be particularly stressed in basic facilities such as aircraft maintenance, ground service, air navigation, air traffic control and oil supply.

The Civil Aviation Administration of China (CAAC) plans to seek foreign funds for the four new airports in Guilin, Guangzhou, Hangzhou and Haikou, respectively, and the expansion of the Chengdu airport, according to Dr. Yang Yingbao, a CAAC official in charge of Sino-foreign co-operation.

China started to introduce foreign capital for airport construction in 1982, when loans from the Kuwaiti government were used in the construction of the Gaoqi Airport in Xiamen, Yang said.

He added that the country has since used a total of 400 million U.S. dollars-worth of loans from the Kuwaiti, Japanese and French governments for nine airport projects, including their navigation and air traffic control systems.

"Apart from government loans, the U.S. Ex-Im Bank has signed a contract with China to provide export credits worth 29.9 million US dollars for the construction of the Harbin airport," the official said.

He confirmed that there has been no direct commercial investment from foreign businesses in China's airport construction projects so far.

"However," the official pointed out, "businesses from the United States, the Republic of Korea, Germany, France, Australia and the Netherlands have shown great interest in funding airport projects and related facilities."

Yang revealed that foreign businesses from a dozen countries are ready to compete for contracts for the construction of a new airport in Guangzhou, which it is estimated to cost over 10 billion yuan.

In the effort to upgrade its flight and maintenance standards, Yang said, China has set up joint training and service centers with the world's leading aircraft and airplane engine manufacturers.

Earlier this month, Airbus Industrie of France started the construction of the Airbus Beijing Training and Service Center, its first training center and second spares supply center in Asia.

And its main competitor, Boeing, has also operated a spares center in Beijing since last December, and started to build a training center in Sichuan last month.

Engine companies such as GE and Rolls-Royce have also started building airplane engine training centers in Sichuan and Tianjin since the latter half of last year.

According to CAAC statistics, a total of 20 civil aviation joint ventures have been set up, focusing on aircraft and ground equipment maintenance, and air catering.

Mobile Telecom Sector To Become 'Hot Spot'

*OW1807055895 Beijing XINHUA in English
0439 GMT 18 Jul 95*

[FBIS Transcribed Text] Beijing, July 18 (XINHUA) — The mobile telecommunications sector will develop into the next "hot spot" of China's booming electronics

industry in the next few years, according to the "China Electronics News."

Statistics show that the number of pager subscribers has risen to 8.28 million, compared with only 31,000 users in 1987. And the figure is expected to surpass 10 million, thanks to large-margin price cutting.

The CT2, a mobile phone model widely used in China, so far has opened services in a dozen cities across the country, including Shenzhen, Dalian, Foshan and Hangzhou. The sales volume of the CT2 was 400,000 sets last year, and this figure is expected to reach 600,000 to 700,000 this year.

The sales of cordless telephones in the domestic market will reach 1.5 million sets, the paper said.

Cellular telephone service is now available in more than 500 cities, catering to some one million subscribers. The latter figure is expected to double by the end of this year, according to the paper.

The paper added that there are at least three million users of 900 mhz digital mobile phones across the country.

Moreover, the domestic demand for fax machines will surpass 800,000 sets this year, experts were quoted as saying.

Industrial Output in Shandong Grows 15.3%

*OW1807060995 Beijing XINHUA in English
0526 GMT 18 Jul 95*

[FBIS Transcribed Text] Jinan, July 18 (XINHUA) — Shandong Province in east China had a gross industrial output of 77.43 billion yuan during the first half of the year, up 15.3 percent over the same period last year.

The provincial statistics bureau said that of the 23,000 industrial enterprises at and above the township level, 12.17 percent are running at a loss, while last year, 27.17 percent of the businesses were in the red.

Shandong used 1.24 billion U.S. dollars in foreign investment in the first half of the year, up 37 percent over the corresponding period of last year, according to the bureau.

It said that Shandong exported 4.62 billion U.S. dollars' worth of goods during the first half of the year, an increase of 31.7 percent over the same period of last year.

During the same period, the province's retail sales volume hit 63.44 billion yuan, rising 27.4 percent over the same period last year, while the food sector led the consumer market with a 41.7 percent increase.

The bureau said that the province's investment budget and loans on agriculture amounted to 2.079 billion yuan by the end of June, 770 million yuan more over the same period of last year.

The bureau estimates Summer grain output at 20.629 million tons, up 1.4 percent over last Summer.

Shanghai Statistics Bureau Reports 'Active' Markets

*OW1807055795 Beijing XINHUA in English
0504 GMT 18 Jul 95*

[FBIS Transcribed Text] Shanghai, July 18 (XINHUA) — Shanghai, China's biggest industrial city, saw its consumption surge by 11 percent in real terms during the first half of the year over the same period last year.

The total retail sales volume over the past six months was 45.961 billion yuan, according to the city's statistics bureau.

Economists said that with bonds and housing purchases attracting a huge amount of money away from Shanghai residents, it is an applaudable achievement for the retail sales market to have attained such a big increase in volume.

They said the buoyant consumption market has forcefully sustained Shanghai's rapid economic growth.

Statistics show that the consumption market is marked by an even growth in consumption of food, clothing and other daily commodities, which all grew 26-27 percent during the first half of the year.

And the retail sales were almost equally active in both the rural and urban areas of the city, statistics show.

Household electrical appliances continued to be popular during the first half of the year.

The statistics show that during the January-May period, sales of air-conditioners rose 140 percent over the same period of last year. Color TV, refrigerators, washing machines, video machines and cameras and gold ornaments also sold well.

Experts estimate that Shanghai's retail sales market will continue to be active, and may hit a sales volume of 47 billion yuan in the second half of the year.

XINHUA Carries Insurance Law

*OW1607125195 Beijing XINHUA Domestic Service
in Chinese 2157 GMT 1 Jul 95*

[FBIS Translated Text] Beijing, 2 Jul (XINHUA) — The Insurance Law of the People's Republic of China, adopted at the 14th Meeting of the Eighth National People's Congress [NPC] on 30 June 1995:

Contents:

Chapter I. General Provisions

Chapter II. Insurance Contracts

Section 1. General Stipulations

Section 2. Property Insurance Contracts

Section 3. Personal Insurance Contracts

Chapter III. Insurance Companies

Chapter IV. Insurance Business Operating Rules

Chapter V. Supervision and Administration of the Insurance Industry

Chapter VI. Insurance Agents and Insurance Brokers

Chapter VII. Legal Responsibility

Chapter VIII. Supplementary Provisions

Chapter I. General Provisions

Article 1. This law is formulated to standardize insurance activities, protect the legitimate rights and interests of the parties to an insurance activity, strengthen the supervision and administration of the insurance industry, and promote its healthy development.

Article 2. The term "insurance" mentioned in this law means that the insurance policyholder pays insurance premiums to the insurer according to the contract agreed upon, and that the insurer undertakes the obligation to pay insurance money to compensate for property losses caused by the occurrence of possible accidents that are agreed upon in the contract, or, when the insured dies, is injured, disabled, becomes ill, or reaches the age or time limit agreed upon in the contract, to undertake the obligation of a commercial insurer to pay insurance money to the policyholder.

Article 3. This law applies to insurance activities carried out within the territory of the People's Republic of China.

Article 4. Those who engage in insurance activities must abide by the laws and administrative regulations and observe the principle of voluntariness, honesty, and trustworthiness.

Article 5. Only insurance companies established according to this law shall engage in commercial insurance business. Other units and individuals are prohibited from engaging in commercial insurance business.

Article 6. Legal persons and other organizations within the territory of the People's Republic of China that need insurance coverage within PRC territory shall insure themselves with insurance companies within the PRC territory.

Article 7. When engaging in insurance business, insurance companies shall observe the principle of fair com-

petition. They must never engage in inappropriate competition.

Article 8. The Departments of Financial Supervision and Management under the State Council shall be responsible for supervising and administering the insurance industry.

Chapter II. Insurance Contracts

Section 1. General Stipulations

Article 9. An insurance contract is an agreement between the insurance policy holder and the insurer which defines the relationship between insurance rights and obligations.

The insurance policyholder is the person who concludes an insurance contract with the insurer and undertakes the obligation to pay insurance premiums according to the contract.

The insurer is the insurance company that concludes an insurance contract with the insurance policyholder and undertakes the obligation to pay compensation or pay insurance money.

Article 10. In concluding an insurance contract, the insurance policyholder and the insurer shall observe the principles of equality and mutual benefit, of reaching unanimity through consultation, and of voluntariness, and must never harm public interests.

Insurance companies and other units must never force other people to conclude an insurance contract except what must be insured as stipulated by laws and administrative regulations.

Article 11. The insurance policyholder should have an insurance interest in the object of insurance.

The insurance contract is invalid if the insurance policyholder does not have an insurance interest in the object of insurance.

An insurance interest refers to the insurance policyholder's legally admitted interest in the object of insurance.

An object of insurance refers to the insured object such as property and its related interests, or human life and body.

Article 12. An insurance contract is established when an insurance policyholder demands insurance, an insurer agrees to underwrite it, and the clauses in the contract are agreed upon. The insurer should issue an insurance policy or other certificate of insurance to the insurance policyholder in time, and it should clearly state the contents of the contract agreed upon by both parties in the insurance policy or other certificate of insurance.

With the consent of the insurance policyholder and insurer after consultation, the insurance contract can be established in the form of a written agreement other than those stipulated in the aforementioned clause.

Article 13. After an insurance contract is established, the insurance policyholder should pay insurance premiums as agreed, and the insurer should start undertaking insurance liability from the agreed upon time.

Article 14. Except as otherwise stipulated in this law or agreed upon in the insurance contract, the insurance policyholder may terminate the insurance contract after the establishment of the insurance contract.

Article 15. Except as otherwise stipulated in this law or agreed upon in the insurance contract, the insurer may not terminate the insurance contract after the establishment of the insurance contract.

Article 16. In making an insurance contract, the insurer should explain the clauses in the insurance contract to the insurance policyholder, and may make inquiries about the situation of the object of insurance or the insured; the insurance policyholder should tell the truth.

If the insurance policyholder intentionally conceals facts and fails to fulfill the obligation of telling the truth, or does not fulfill the obligation of telling the truth due to negligence, which is enough to make the insurer consider whether to agree to underwrite the insurance or raise the premium rates, the insurer has the right to terminate the insurance contract.

If the insurance policyholder intentionally fails to fulfill the obligation of telling the truth, the insurer bears no liability to pay compensation or insurance money for the insured accident which occurs before the termination of the insurance contract, nor will it return the insurance premiums.

If the insurance policyholder fails to fulfill the obligation of telling the truth due to negligence, which has a serious influence on the occurrence of the insured accident, the insurer bears no liability to pay compensation or insurance money for the insured accident which occurs before the termination of the insurance contract, but may return the insurance premiums.

An insured accident refers to an accident covered by the insurance liability as agreed upon in the insurance contract.

Article 17. Where an exoneration clause for the insurer is stipulated in the insurance contract, the insurer should clearly explain the clause to the insurance policyholder in making an insurance contract, otherwise the clause does not take effect.

Article 18. An insurance contract should include the following items:

- (1) name and address of the insurer;
- (2) names and addresses of the insurance policyholder and the insured, and name and address of the beneficiary of personal insurance;
- (3) object of insurance;
- (4) insurance liability and exoneration;
- (5) period of insurance and the time of the commencement of coverage;
- (6) value of insurance;
- (7) insured amount;
- (8) insurance premiums and methods of payment;
- (9) insurance money, compensation, and methods of payment;
- (10) responsibility for breach of contract and handling of disputes;
- (11) day, month, and year on which the contract is made.

Article 19. A policyholder and an insurer may enter into an agreement on other insurance matters apart from those of an insurance contract specified in the preceding article.

Article 20. Within the validity period of an insurance contract, a policyholder and insurer may agree to alter relevant contract terms through consultations.

When an insurance contract is altered, the insurer shall attach an endorsement or approval on the original insurance policy or other insurance certificates; or the policyholder and insurer shall draw up a written agreement on the alterations.

Article 21. A policyholder, insured, or beneficiary shall promptly inform the insurer on knowing the occurrence of an accident covered by the insurance policy.

An insured refers to a person whose property or life is covered by the insurance contract, and who enjoys the right to claim the insurance money. A policyholder may be an insured party.

A beneficiary refers to a person appointed by the insured party or policyholder of a personal insurance to enjoy the right to claim the insurance money. A policyholder or an insured party may be the beneficiary.

Article 22. When submitting a claim to the insurer for compensation or insurance money payment after an accident occurs, the policyholder, insured, or beneficiary shall provide, to the best of his or her ability, relevant evidence and information such as the nature, cause, and degree of loss to the insurance company.

Where the relevant evidence and information is not adequately provided as agreed in the insurance contract, an

insurer shall ask the policyholder, insured, or beneficiary to provide supplementary evidence and information.

Article 23. On receipt of a demand for compensation or insurance money payment from an insured or beneficiary, an insurer shall promptly verify the claims. For claims that come under the insurance liability, the insurer shall carry out its duty to compensate or pay insurance money within 10 days after reaching an agreement with the insured or beneficiary. Where the insured amount, compensation, or deadline for payment is specified in the insurance contract, the insurer shall carry out the duty of compensating or paying the insurance money in accordance with the specifications of the insurance contract.

Apart from paying the insurance money, an insurer shall compensate the insured or beneficiary for losses incurred therefrom, on failure to promptly carry out the duty specified in the preceding article.

No units or individuals shall illegally interfere with the insurer's duty in compensating or paying insurance money, nor shall they restrict the right of the insured or beneficiary in receiving the insurance money.

An insured amount refers to the highest amount of insurance money an insurer undertakes to compensate or pay.

Article 24. For claims requests from the insured or beneficiary for compensation or insurance money payment which does not come under the insurance liability, an insurer shall issue a notice to the insured or beneficiary on the refusal to compensate or pay the insurance money.

Article 25. Within 60 days on receipt of a request for compensation or insurance money payment and relevant evidence and information, an insurer shall, in accordance with evidence and information available, make an advance payment for compensation or insurance money whose amount cannot yet be determined. The insurer shall pay the corresponding difference ultimately after determining the actual amount of compensation or insurance money payment.

Article 26. The right of the insured or beneficiary of forms of insurance other than life to ask the insurer for compensation or payment of insurance money will be lost if it is not exercised within two years from the date he knows of the occurrence of an insurance incident.

The right of the insured or beneficiary of life insurance to ask the insurer for payment of insurance money will be lost if it is not exercised within five years from the date he knows of the occurrence of an insurance incident.

Article 27. If the insured or beneficiary falsely claims that an incident covered by an insurance policy has occurred, and asks the insurer for compensation or payment of insurance money, the insurer has the right to void the insurance contract and not to return the insurance premium.

If the insurance policyholder, the insured, or beneficiary intentionally creates a insurance incident, the insurer has the right to void the insurance contract and not to undertake the obligation to compensate or give insurance money. With the exception of Article 64, Paragraph 1 of this law, in which separate provisions are provided, the insurer also has the right not to return the insurance premium.

After an insurance incident occurs, if the insurance policy holder, insured, or beneficiary makes up a false story and provides information based on forged or altered relevant certificates, material, or other evidence or if he exaggerates losses, the insurer will not have the obligation to compensate or give insurance money regarding the falsified portion of the claim.

In the event of the occurrence of any of the three cases listed above, in which the insurer has paid insurance money or covered expenses as a result, the insurance policyholder, the insured, or beneficiary should return the money or otherwise provide compensation.

Article 28. The transfer by the insurer of a portion of its insurance services to another insurer in the form of contract is called reinsurance.

In response to the request of the reinsurer, the ceding insurer should inform the former on the obligations it should undertake and the information relating to the existing insurance.

Article 29. The reinsurer is not allowed to ask the insurance policyholder of the existing insurance to pay insurance premium.

The insured or beneficiary of the existing insurance is not allowed to ask the reinsurer for compensation or payment of insurance money.

The ceding insurer is not allowed to refuse or delay the execution of its former insurance obligations on the grounds of the reinsurer not having executed its obligations.

Article 30. When a dispute over the clauses of the contract between the insurer on the one hand and the insurance policyholder, the insured, or beneficiary on the other hand, the people's courts or arbitration organizations should interpret those clauses in favor of the insured and the beneficiary.

Article 31. The insurer or the reinsurer should keep secret the information, which it knows while handling its insurance services, about the businesses and financial situation of the insurance policyholder, the insured, or the ceding insurer.

Section 2. Property Insurance Contracts

Article 32. Property insurance contracts are insurance contracts with property and its relevant interests as insurance objects [biao di 2871 4104].

With the exception of those contracts particularly named, the property insurance contracts mentioned in this section are called contracts for short.

Article 33. The transfer of insurance objects should be reported to the insurer and contract changes will be carried out according to law, after the latter agrees to continue to contract. However, freight transportation contracts and contracts with separate agreements are excluded.

Article 34. As far as freight transportation insurance contracts and insurance contracts for voyages on conveyances are concerned, with the start of insurance responsibility, contract parties are not allowed to cancel their contracts.

Article 35. Insured parties should abide by the state's regulations on fire fighting, production operation safety, labor protection, and other matters; and should ensure the safety of the objects of insurance.

According to the stipulations in contracts, insurers may inspect the safety conditions of the objects of insurance, and may submit in a timely manner to insurance policyholders and insured parties written suggestions on eliminating unsafe factors and hidden dangers for the objects of insurance.

Insurers have the right to ask for an increase in insurance premium or to cancel insurance contracts if insurance policyholders and insured parties fail to fulfill their obligations of ensuring the safety of the objects of insurance according to the contracts.

To ensure the safety of the objects of insurance, insurers may take precautionary safety measures with the consent of the insured parties.

Article 36. Within the validity period of contracts, insured parties should notify insurers in a timely manner according to the contracts if the danger to objects of insurance have increased. In such case, insurers have the right to ask for an increase in insurance premium or to cancel insurance contracts.

Insurers are not obligated to pay for any accidents occurring due to the increase of dangers to objects of

insurance if insured parties fail to notify insurers in the manner specified in the above paragraph of such an increase of danger.

Article 37. Unless otherwise specified in contracts, insurers should reduce insurance premiums and return to insured parties a due amount of premium calculated on a daily basis, if one of the following conditions applies:

(1) Conditions based on which insurance premium was decided have changed, resulting in noticeable reduction of danger to the objects of insurance.

(2) The value of the objects of insurance has apparently declined.

Article 38. Before the commencement of coverage, insurance policyholders, if asking to cancel insurance contracts, should pay necessary fees to the insurers, and the insurers should return the paid insurance premium. After the commencement of coverage, if insurance policyholders ask to cancel insurance contracts, insurers may charge an amount of premium accruing from the date of the commencement of coverage to the date when the contracts are canceled. The balance should be returned to the insurance policyholders.

Article 39. The insured value of objects of insurance may be decided by insurance policyholders and insurers and stipulated in their contracts; or, it may be decided according to the actual value of the objects of insurance at the time when an insured accident occurs.

The insured amount is not to exceed the insured value. The portion of the insured amount that exceeds the insured value is null and void.

Unless otherwise specified in contracts, if the insured amount is less than the insured value, insurers are to pay according to the ratio of the insured amount to the insured value.

Article 40. Insurance policyholders who buy more than one insurance policy for the same object of insurance should notify all insurers of the details of the overlapping insurance policies.

If the sum of the insured amounts of overlapping insurance policies exceeds the insured value, the sum of the compensations paid by all insurers is not to exceed the insured value. Unless otherwise specified in contracts, insurers pay according to the ratios of their respective insured amounts to the the total insured amount.

Overlapping insurance refers to coverage by insurance contracts signed between an insurance policyholder and two or more insurers for the same object of insurance, for same insurance benefits, and for the same insured accidents.

Article 41. When an insured accident occurs, insured parties are responsible for taking every necessary measure to prevent or reduce losses.

After an insured accident occurs, the necessary and reasonable expenses paid by insured parties to prevent or reduce losses of the object of insurance are to be borne by insurers. The amount borne by an insurer is to be calculated over and above the amount paid for the losses of the object of insurance; but the amount is not to exceed the insured amount.

Article 42. Where an object of insurance has suffered a partial loss, a policyholder may terminate a contract within 30 days following an insurer's compensation payment. An insurer may also terminate a contract, apart from those contracts whose terms of agreement do not allow termination. When terminating the contract, the insurer shall inform the policyholder 15 days in advance and refund the insurance premium for the portion of the object of insurance which has not suffered a loss to the policyholder after deducting the portion of the premium collectible for the period from the contract's inception to the termination date.

Article 43. When an accident covered under the insurance policy occurs, the entire right of the object of insurance that has suffered a loss shall belong to an insurer after all the insured amount equivalent to the insurance value has been paid. Where the insured amount is lower than the insurance value, the insurer shall have a partial right of the damaged object of insurance in accordance with the proportion of the insured amount to the insurance value.

Article 44. Where an accident occurs as a result of the damage to an object of insurance caused by a third party, the insurer shall, from the day of paying the insurance money to the insured and within the limit of the compensation amount, subrogate the insured party's right to seek compensation from the third party.

Where the insured has received compensation from the third party for loss as a result of the accident referred to in the preceding clause, the insurer shall deduct the corresponding compensation the insured has received from the third party when making the insurance money payment.

The insured party's right to seek compensation from the third party for the portions of compensation not received shall not be affected by the insurer's subrogation of the insured party's right to seek compensation, as referred to in the first clause of this article.

Article 45. Where an insured party relinquishes his or her right to seek compensation from the third party before an insurer pays the insurance money following an

accident, the insurer shall not be held liable for payment of the insurance money.

The insured party's act of relinquishing the right to seek compensation from the third party without the insurer's consent after receiving insurance money from the insurer shall be deemed void.

Where the insurer is unable to exercise subrogation of the right to seek compensation due to the insured party's fault, the insurer may deduct from the insurance claims money correspondingly.

Article 46. Apart from the accident referred to in the first clause of Article 44 of this law when intentionally caused by an insured party's family members or component members, an insurer shall not exercise subrogation of the right to seek compensation from the insured party's family members or component members.

Article 47. When an insurer exercises subrogation of the right to seek compensation from a third party, an insured party shall provide the insurer with essential documents and other relevant information he knows.

Article 48. An insurer shall bear essential and reasonable expenses incurred by the insurer and insured party in the course of investigating and determining the nature, causes, and the degree of loss to the object of insurance in an accident covered by insurance.

Article 49. An insurer may, in accordance with the specifications of the law or terms of contract, pay insurance money directly to a third party for damages caused by the insured under liability insurance.

Liability insurance refers to insurance wherein the insured party is liable to compensate a third party for the object of insurance in accordance with the law.

Article 50. If an insured party under liability insurance is taken to arbitration or sued because of the act of causing a loss to a third party, apart from the terms separately agreed to in the contract, the insurer shall bear the expenses of arbitration or the lawsuit and other essential and reasonable costs paid by the insured.

Section 3. Personal Insurance Contracts

Article 51. A personal insurance contract is an insurance contract with human life and body as the object of insurance.

Except as specifically noted, personal insurance contracts in this section are shortened as contracts.

Article 52. An insurance policyholder has insurance interests in the following persons:

- (1) principal;
- (2) spouse, children, and parents;

(3) family members and close relatives apart from the aforementioned, who have relations of fostering, supporting, and maintenance with the insurance policyholder.

In addition to the above stipulations, the insurance policyholder is regarded as having an insurance interest in an insured if the latter agrees to let the former make a contract for him or her.

Article 53. Where the insurance policyholder does not report the true age of the insured and the true age of the insured does not meet the age limit as agreed upon in the contract, the insurer may terminate the contract and return the insurance premiums to the insurance policyholder after deducting handling charges; but this does not apply to a case when the contract has been in existence for more than two years.

Where the insurance policyholder does not report the true age of the insured, which causes the insurance policyholder to pay lower insurance premiums than he or she should, the insurer has the right to correct it and demand that the insurance policyholder pay the evaded insurance premiums, or pay the insurance money, when it comes to the time of paying such money, in accordance with the ratio of the premiums paid to premiums payable.

Where the insurance policyholder does not report the true age of the insured, which causes the insurance policyholder to pay more in insurance premiums than he or she should, the insurer should return the overpaid insurance premiums to the insurance policyholder.

Article 54. An insurance policyholder should not buy a personal insurance policy that pays insurance money on the condition of death for a person of mental incompetence, and the insurer should not underwrite such insurance.

Parents are exempt from the restrictions of the aforementioned clause when they buy personal insurances for their minor children, but the total amount of insurance money paid for the death should not exceed the ceiling as stipulated by financial supervision and management departments.

Article 55. A contract that pays insurance money on the condition of death is invalid without written consent and acceptance of the insured amount from the insured.

An insurance policy issued in light of a contract that pays insurance money on the condition of death cannot be transferred or hypothecated without written consent from the insured.

Personal insurance purchased by parents for their minor children is exempt from the restrictions of the first clause of this article.

Article 56. After the contract is established, the insurance policyholder may pay the insurance premiums to the insurer on a lump-sum basis, or by installments according to the contract.

When insurance premiums are paid by installments according to the contract, the insurance policyholder should pay the first installment of premium when the contract is established and pay the remaining premiums on time.

Article 57. When a contract stipulates that premiums are paid to be in installments and when the insurance policyholder has paid the first premium installment, the validity of contract is terminated, except as otherwise agreed upon in the contract, if the insurance policyholder fails to pay premiums due 60 days after the designated date, or the insurer may reduce the insured amount according to the terms of the contract.

Article 58. Where the validity of a contract is terminated according to the aforementioned clause, it may be restored after the insurer and insurance policyholder reach an agreement through consultations and the latter pays the premiums in arrears. However, if both parties do not reach an agreement within two years after the date of the termination of the validity of the contract, the insurer has the right to terminate the contract.

Where the insurer terminates the contract according to the aforementioned clause after the insurance policyholder has fully paid premiums for more than two years, the insurer should return the cash value of the insurance policy according to the agreement in the contract. If the insurance policyholder has not paid premiums for two full years, the insurer should return the insurance premiums after deducting handling charges.

Article 59. The insurer cannot demand that an insurance policyholder pay premiums for personal insurance through legal proceedings.

Article 60. Beneficiaries of personal insurance are designated by the insured or the insurance policyholder.

Beneficiaries designated by the insurance policyholder must receive the consent of the insured.

Where the insured is a person without or with limited mental competency, the beneficiaries can be designated by his or her guardian.

Article 61. The insured or insurance policyholder may designate one or several beneficiaries.

In the case of several beneficiaries, the insured or insurance policyholder may decide on the order and proportion of benefits; in case that no such decision is made, the beneficial interests are to be equally divided among the beneficiaries.

Article 62. The insured or insurance policyholder may change the beneficiary; in case of change, it should be notified in writing to the insurer. Upon receipt of the written notification on change in the beneficiary, the insurer should note the change on the insurance policy.

In case of a change of beneficiary, the insurance policyholder must obtain consent from the insured.

Article 63. In case of death of the insured under one of the following circumstances, the insurer shall undertake the obligation to pay insurance money, as the insured's estate, to the insured's heir:

- (1) When no beneficiary is designated;
- (2) When the beneficiary dies before the insured, and there is no other beneficiary; and
- (3) When the beneficiary is deprived of, or when the beneficiary forfeits beneficial interests by law, and there is no other beneficiary.

Article 64. When an insurance policyholder or beneficiary deliberately causes the death, injury, or illness of the insured, the insurer shall not undertake the obligation to pay insurance money. If the insurance policyholder has already paid two or more years of premium, the insurer should refund the cash value of the insurance policy to other qualified beneficiaries according to provisions in the contract.

A beneficiary who deliberately causes death, injury, or handicap of the insured, or who deliberately attempts to murder the insured shall forfeit beneficial interests.

Article 65. Under a contract when insurance money is paid under the condition of death when the insured commits suicide, the insurer does not undertake the obligation to pay insurance money, except as otherwise prescribed in Paragraph Two of this article. However, the insurer shall refund the cash value of the premium already paid by the policyholder according to insurance policy.

In a contract where insurance money is paid under the condition of death when the insured commits suicide two years after the contract is concluded, the insurer may pay insurance money according to the contract.

Article 66. When the insured deliberately commits a crime which causes injury and handicap or death of the insured himself, the insurer does not undertake the

obligation to pay insurance money. In case that the insurance policyholder has already paid two or more years of premium, the insurer should refund cash value of the insurance policy.

Article 67. In case of death, injury and handicap, illness, or other insured accidents encountered by the insured of a personal insurance policy as a result of the behavior of a third party, the insurer, after paying insurance money to the insured or beneficiary, does not have the right to pursue compensation from the third party.

Article 68. In case of termination of the insurance contract, if the policyholder has already paid two or more years of premium, the insurer should refund the cash value of the insurance policy within 30 days after receipt of the termination notification; if the policyholder has paid premiums for less than two years, the insurer should refund the premium after deducting fees according to provisions in the contract.

Chapter III. Insurance Companies

Article 69. Insurance companies should be organized in the following forms:

- (1) Limited liability companies; and
- (2) Solely state-owned companies.

Article 70. The establishment of an insurance company must be approved by the administration in charge of financial supervision.

Article 71. The establishment of an insurance company should meet the following conditions:

- (1) Articles of association in keeping with the provisions in this law and the company;
- (2) Minimum registered capital as prescribed in this law;
- (3) Senior managerial personnel equipped with professional knowledge and experience;
- (4) Sound organizational structure and management system; and
- (5) Operational venue and other business-related facilities that meet the requirement.

In reviewing the application for establishing an insurance company, the administration in charge of financial supervision should take into consideration the insurance industry's development and fair competition.

Article 72. The minimum registered capital for establishing an insurance company is renminbi 200 million yuan.

The minimum registered capital must be monetary capital actually paid.

Based on an insurance company's business scope and scale of operations, a financial supervision and management department in charge may adjust its minimum registered capital, provided that it is not less than the amount specified in the first paragraph of this article.

Article 73. To establish an insurance company, the following documents and materials must be submitted:

- (1) An application letter on which the name, registered capital, and business scope of the insurance company to be established are indicated;
- (2) A feasibility study report;
- (3) Other documents and materials required by the financial supervision and management department in charge.

Article 74. After the application to establish an insurance company is initially approved, the applicant should begin preparatory work to establish the company according to this law and the Company Law. Applicants who meet the requirements specified in Article 71 of this law should submit to a financial supervision and management department in charge a formal application letter and the following documents and materials:

- (1) The regulations of the insurance company to be established;
- (2) A list of the company's shareholders and their respective shares, or a list of the company's promoters and the respective amounts they paid;
- (3) Proof of credit standing and relevant materials of company shareholders who own 10 percent or more of the company's shares;
- (4) A certificate of capital checking issued by a legal capital checking organ;
- (5) Resumes and proof of qualifications of senior management personnel who will assume a post in the company;
- (6) The company's business policy and plan;
- (7) Information about the company's business sites and about other facilities related to the company's business;
- (8) Other documents and materials required by the financial supervision and management department in charge.

Article 75. Within six months beginning from the date on which the formal application to establish an insurance company is received, the financial supervision and management department in charge should decide whether or not the application should be approved.

Article 76. Insurance companies established with approval are to be issued a permit by the approving department for running insurance businesses, and, using their permit, are to register themselves with an industry and commerce administrative organ and apply for a business license.

Article 77. The permit to run an insurance business automatically becomes null and void if an insurance company does not complete registration for the establishment of the company within six months beginning from the date on which the permit is received, and if its doing so is unjustified.

Article 78. After an insurance company is established, it should withdraw 20 percent of the total amount of its registered capital and deposit it as security into a bank designated by the financial supervision and management department in charge. Except for using it to repay debts when the insurance company settles its accounts, the security is not allowed to be used.

Article 79. Approval must be obtained from a financial supervision and management department before an insurance company sets up a branch within or outside PRC territory, and a permit should be obtained for the branch to run insurance business.

Branches of insurance companies are not legal persons; their civil liabilities are to be assumed by their parent companies.

Article 80. An insurance company must receive approval from financial supervision and management departments to establish representative institutions inside and outside the People's Republic of China.

Article 81. Any of the following changes in an insurance company must receive the approval from financial supervision and management departments:

- (1) Change of title;
- (2) Alteration of registered capital;
- (3) Alteration of the company's or its branches' locations of business;
- (4) Readjustment of scope of business;
- (5) Splitting or merger of companies;
- (6) Revision of articles of corporation;
- (7) Change of pledgers or shareholders holding over 10 percent of the company's shares;
- (8) Other alternations as stipulated by financial supervision and management departments.

The change of the chairman of the board of directors and managing director of an insurance company should be reported to financial supervision and management departments for examination of their qualifications for the posts.

Article 82. Stipulations in the Company Law are applicable to the organizations and institutions under insurance companies.

Article 83. An insurance company wholly-invested by the state should set up a board of supervisors, which is composed of the representatives of financial supervision and management departments, relevant experts, and staff of the insurance company, to oversee the company's retaining of various reserves, minimum solvency, and maintenance and increment in the value of state-owned assets, as well as see whether the company's senior managerial personnel have engaged in activities in violation of laws, administrative regulations, the article of corporation, or harming the company's interests.

Article 84. An insurance company may disband with the approval of financial supervision and management departments, when it splits, merges, or other reasons for disbandment as stated in the articles of corporation appear. The insurance company should set up a liquidating group according to law to conduct liquidation.

Except for splitting and merging, insurance companies engaging in life insurance business cannot be disbanded.

Article 85. When an insurance company's permit for insurance business is revoked by financial supervision and management departments due to violations of law and administrative regulations, the permit should be withdrawn according to law. The financial supervision and management departments should organize a liquidating group in a timely manner according to law to conduct liquidation.

Article 86. When an insurance company cannot pay matured liabilities, a people's court may declare it bankrupt with consent of the financial supervision and management departments. When an insurance company is declared bankrupt, the people's court should organize the financial supervision and management departments, and relevant departments and personnel to form a liquidating group to conduct liquidation.

Article 87. When an insurance company engaging in life insurance business has its permit revoked or is declared bankrupt according to law, the life insurance contracts and reserves it holds must be transferred to other insurance companies engaging in life insurance business. If an agreement of transfer cannot be reached with any insurance company, the financial supervision and management departments should designate an insurance company engaging in life insurance business to take over the contracts and reserves.

Article 88. When an insurance company goes bankrupt according to law and after the bankruptcy expenses are paid with the bankrupt company's estates as a matter of

priority, other expenses should be cleared in following order:

- (1) Staff's wages in arrears and labor insurance expenses;
- (2) Compensations or payments of insurance money;
- (3) Taxes in arrears;
- (4) Paying off the company's debts.

If the bankrupt company's estates are not enough to pay off the aforementioned items in order, they should be distributed proportionally.

Article 89. When an insurance company terminates its business activities according to law, its permit to run an insurance business should be canceled.

Article 90. Stipulations in the Company Law and other relevant laws and administrative regulations are applicable to matters concerning an insurance company's establishment, alterations, disbandment, and liquidation that are not stipulated in this law.

Chapter IV. Insurance Business Operating Rules

Article 91. The business scope of insurance companies is as follows:

- (1) Property insurance businesses, including insurance for property loss, accountability and credit; and
- (2) Personal insurance businesses, including insurance for life, health, and accidental injury.

The same insurer must not concurrently run property and personal insurance businesses.

The business scope of an insurance company must be approved by the administration in charge of financial supervision. An insurance company can conduct its insurance business within the approved scope.

Based on the provisions in paragraph two of this article, the State Council shall work out procedures for splitting operations of insurance companies established before the implementation of this law.

Article 92. With approval of the administration in charge of financial supervision, insurance companies may conduct the following reinsurance businesses prescribed in the preceding article:

- (1) Outward reinsurance; and
- (2) Inward reinsurance.

Article 93. When conducting insurance businesses other than life insurance, insurance companies should extract unearned liability reserve funds based on the self-retained premium of the year; the amount of funds extracted and carried over to the next year should be

equivalent to 50 percent of the self-retained premium of the year.

Insurance companies handling life insurance should extract unearned liability reserve funds based on the gross net value of effective life insurance policies.

Article 94. Insurance companies should extract outstanding claim reserve funds based on insurance claims already filed or insurance payments already made, and claims and payments for insured accidents already occurred.

Article 95. In addition to extracting reserve funds pursuant to the provisions in the preceding two articles, insurance companies should extract public accumulation funds according to the relevant laws, administrative rules, and provisions in the state financial and accounting system.

Article 96. To protect the interests of insured parties and to support insurance companies' sound operation, insurance companies should extract insurance cover funds according to the regulations of the administration in charge of financial supervision.

Insurance cover funds should be managed and used in a centralized way.

Article 97. An insurance company should have the minimum solvency commensurate with its business scope. The balance of an insurance company's actual assets minus its actual liabilities must not be smaller than the amount required by the administration in charge of financial supervision; when the balance is smaller than the required amount, the insurance company should increase its capital to make up the difference.

Article 98. The insurance premium extracted by an insurance company handling property insurance businesses should not exceed four times of the sum of its actual capital and public accumulation funds for the year.

Article 99. An insurance company's liability to a danger unit — that is the maximum scope of loss resulting from an insured accident — should not exceed 10 percent of the total of its paid-up capital and accumulation funds; the excess portion shall be reinsured.

Article 100. The calculating methods adopted by an insurance company on danger units and calamity risk arrangements plans shall be referred to the administration in charge of financial supervision for examination and approval.

Article 101. Other than life insurance business, an insurance company shall reinsure 20 percent of each insurance business it undertakes in accordance with the relevant state stipulations.

Article 102. An insurance company requiring outward reinsurance business shall deal on a priority basis with insurance companies within the territory of China.

Article 103. The administration in charge of financial supervision shall have the authority to restrict or ban an insurance company from doing reinsurance business with insurance companies outside China or acceptance of inward reinsurance business outside China.

Article 104. An insurance company shall utilize its funds steadily in compliance with safety principles, while guaranteeing asset preservation and appreciation.

The fund utilization of an insurance company shall be confined to bank deposits, purchase and sale of government and financial bonds, and other fund utilization formats stipulated by the State Council.

Funds of an insurance company shall not be utilized for setting up securities operation organizations and enterprise investment.

Funds to be utilized by an insurance company and the concrete percentage of funds to be utilized in concrete items in relation to its total capital shall be regulated by the administration in charge of financial supervision.

Article 105. In conducting insurance business activities, an insurance company and its work personnel shall refrain from committing the following acts:

- (1) deception of the insurance policy-holders, the insured, and the beneficiaries;
- (2) concealment of important information related to insurance contracts against the insurance policy-holders;
- (3) obstructing the insurance policy-holders from discharging their obligations of truthful disclosure under provisions of this law, or inducing them to nonperformance of such obligations;
- (4) promising the insurance policy-holders, the insured, or the beneficiaries kickbacks of insurance premiums and other benefits not stipulated in the insurance contracts.

Chapter V. The Supervision and Management of the Insurance Industry

Article 106. The basic insurance provisions of key insurance categories and insurance premium rates of commercial insurance shall be formulated by the administration in charge of financial supervision.

Other insurance provisions and insurance premium rates formulated by an insurance company shall be submitted to the administration in charge of financial supervision for the record.

Article 107. The administration in charge of financial supervision shall have the authority to check the business, financial, and fund utilization conditions of an insurance company; and demand its submission of relevant written reports and data within a prescribed period.

An insurance company shall accept supervision and inspection under the law.

Article 108. The administration in charge of financial supervision shall direct an insurance company found to be withdrawing or transferring various reserve funds or seeking reinsurance not in accordance with provisions of this law to correct the following within a prescribed period:

- (1) To withdraw or transfer various reserve funds in accordance with law;
- (2) To seek reinsurance in accordance with law;
- (3) To rectify acts of illegal fund utilization; and
- (4) To readjust persons in charge and relevant management personnel.

Article 109. When an insurance company fails to make a correction within a prescribed period as directed by the administration in charge of financial supervision in accordance with provisions of the preceding article, the latter shall decide to dispatch an insurance professional to the said insurance company and appoint relevant personnel within the said insurance company to organize the rectification of the said insurance company.

The rectification decision which clearly states the name of the insurance company to be rectified, reasons for its rectification, rectification organization, and rectification period shall be published as a public notice.

Article 110. In the process of rectification, the rectification organization shall have the right to supervise the daily business of the insurance company; persons in charge of the insurance company and its management personnel shall exercise their authorities under the supervision of the rectification organization.

Article 111. In the process of rectification, the insurance company shall continue with its original business; however, the administration in charge of financial supervision shall have the authority to prevent it from conducting new businesses, terminate some of the businesses, and readjust fund utilization.

Article 112. When an insurance company designated to be rectified has corrected its violations against provisions of this law with the resumption of its normal business operations, the rectification organization shall submit a report to the administration in charge of financial supervision for its approval to end the rectification.

Article 113. The administration in charge of financial supervision may take over insurance companies found to be violating this law and hurting social and public interests that may seriously jeopardize or are jeopardizing their compensating capabilities.

The purpose of the takeover is to take necessary measures against the insurance company to be taken over so as to protect the interests of the insured parties and to restore the company's normal business. The creditor's rights and debt relations of the insurance company to be taken over shall remain unchanged despite the takeover.

Article 114. The administration in charge of financial supervision shall decide on and publish a public notice on the organization of the takeover body and its takeover procedures.

Article 115. The administration in charge of financial supervision may, at the expiry of the takeover period, extend such a period, which shall not exceed two years.

Article 116. When an insurance company being taken over has resumed its normal operating capabilities at the expiry of a takeover period, the administration in charge of financial supervision may decide to end the takeover.

When the takeover organization holds that the assets of an insurance company being taken over will not be sufficient to meet its debts, it may, with the approval of the administration in charge of financial supervision, submit bankruptcy petitions against the said insurance company in the People's Court in accordance with law.

Article 117. An insurance company shall, within three months after closure of its fiscal year, submit business operation, financial accounting, and relevant reports to the administration in charge of financial supervision, and cause them to be published according to law.

Article 118. Before the end of each month, insurance companies should submit their operational statistical reports of the previous month to the administration in charge of financial supervision.

Article 119. Insurance companies which handle personal insurance business must employ specialized actuaries approved by the administration in charge of financial supervision, and establish actuarial evaluation systems.

Article 120. The insurer and the insured may ask independent appraising organizations established in accordance with the law or ask experts with legal qualification to assess and evaluate insured accidents.

Article 121. Insurance companies should properly keep all account books, original vouchers, documents, and other materials related to their insurance business.

The abovementioned account books, original vouchers, documents, and other materials must be kept for at least 10 years from the date of the end of insurance contracts.

Chapter VI. Insurance Agent and Insurance Broker

Article 122. Insurance agent means a unit or an individual who is entrusted by the insurer to handle insurance business within the scope of delegated authority and collect handling fees from the insurer.

Article 123. Insurance broker means a unit which provides an intermediary service in the interests of the insurer and signs insurance contracts for the insurer and collects commissions in accordance with the law.

Article 124. The insurer shall assume responsibility for the act of the insurance agent related to insurance business as entrusted by the insurer.

Insurance agents which handle life insurance business must not accept consignments from two or more insurers for an insured person.

Article 125. Losses suffered by the insurer and the insured due to mistakes of the insurance broker in the handling of insurance business shall be compensated by the insurance broker.

Article 126. In handling insurance business, the insurance agent and insurance broker must not use their administrative power, position, or professional expertise to compel or lure the insurer to sign insurance contracts, nor should they use such power, position, or professional expertise to restrain the insurer from signing insurance contracts.

Article 127. Insurance agents and insurance brokers should possess qualifications and conditions as prescribed by the administration in charge of financial supervision and obtain operational licenses for acting as agents or brokers of insurance business issued by the administration in charge of financial supervision. Insurance agents and insurance brokers should register at the concerned industry-commerce administrative organizations and receive operational licenses. In the meantime, they should deposit an amount of guaranty money or take out an insurance policy for their professional responsibility.

Article 128. Insurance agents and insurance brokers should have their own operational offices, establish exclusive account books to record the financial situation of their businesses in operating as insurance agents or insurance brokers, and accept supervision from the administration in charge of financial supervision.

Article 129. Insurance companies should establish registration books for the names of insurance agents of their respective companies.

Article 130. The stipulations described in articles 105, 107 and 117 of this law are applicable to insurance agents and insurance brokers.

Chapter VII. Legal Responsibility

Article 131. If the policyholder, the insured, or the beneficiaries commit one of the following and carry out fraudulent acts related to insurance to the extent of constituting crimes, they will be investigated for their criminal responsibility:

(1) The policyholder intentionally creates a false object of insurance to obtain insurance money in a fraudulent manner;

(2) The policyholder makes false reports on nonexistent accidents to receive insurance money in a fraudulent manner;

(3) The policyholder intentionally cause damages or accidents to property in order to obtain insurance money in a fraudulent manner;

(4) The policyholder intentionally causes death, disability, or disease to the insured in order to obtain life insurance money in a fraudulent manner; and

(5) The policyholder makes false statements or alters certificates, data, and evidence; asks, urges or gives money to other people to get false certificates, data, and evidence; fabricates causes of accidents; or exaggerates the extent of losses in order to obtain insurance money in a fraudulent manner.

Those who commit one of the abovementioned acts not in a serious manner and their acts have not constituted crimes shall face administrative sanctions in accordance with relevant state regulations.

Article 132. If the insurance company and its staff members conceal important information related to insurance contracts in doing insurance business in order to deceive the insurer, the insured, or beneficiaries, or if the insurance company refuses to fulfill its responsibility of paying compensation or insurance money according to insurance contracts, the company and its staff members will be investigated for their criminal responsibility in accordance with law if their acts constitute crimes. If the insurance company's acts are not so serious as to constitute crimes, the insurance company shall be ordered to pay a fine from 10,000 to 50,000 yuan by the administration in charge of financial supervision. The staff member of the company shall be ordered to pay a fine of less than 10,000 yuan.

If the insurance company and its staff members obstruct the insured person from make true reports or induce the insured person to refrain from making true reports on items related to the insurance policy, or if the insurance company promises to pay illegal kickbacks or other benefits to the insurer, the insured person or beneficiaries, they shall be ordered by the administration in charge of financial supervision to correct such behavior. Meanwhile, the insurance company shall be ordered to pay a fine from 10,000 to 50,000 yuan. The staff members of the company shall be ordered to pay a fine of less than 10,000 yuan.

Article 133. If an insurance agent or insurance broker deceives the policyholder, the insured or beneficiaries, they shall be ordered by the administration in charge of financial supervision to correct such behavior. Meanwhile, they shall be ordered to pay a fine from 10,000 to 50,000 yuan. Their insurance agent licenses or brokerage licenses shall be revoked if their fraudulent cases are serious. They shall be investigated for their criminal responsibility if their acts constitute crimes.

Article 134. If staff members of insurance companies intentionally fabricate accidents by taking advantage of their professional convenience to get compensation and insurance money in a fraudulent manner, they shall be investigated for their criminal responsibility.

Article 135. Those who violate the stipulations of this law and establish insurance companies without authorization and those who illegally engage in commercial insurance business shall be investigated for their criminal responsibility. Meanwhile, the administration in charge of financial supervision shall take measures to stop their operations. Those whose circumstances are not serious and do not constitute crimes shall face administrative sanctions.

Article 136. Insurance companies which violate the stipulations of this law and do business beyond their authorized scope of operations shall be ordered to correct such behavior by the administration in charge of financial supervision. They shall return collected insurance premiums. Their illegal income shall be confiscated and they shall be fined from one to five times the amount of their illegal income. Those companies which do not have illegal income shall be fined an amount from 100,000 to 500,000 yuan. Those companies which do not correct their practices within the prescribed period, or if their operations cause serious consequences, shall be suspended pending improvement or have their licenses revoked for operating insurance businesses.

Article 137. Insurance companies which violate the stipulations of this law and wantonly change their name, charter, registered capital, company offices, and

branches without approval shall be ordered to make corrections by the administration in charge of financial supervision and be fined an amount from 10,000 to 100,000 yuan.

Article 138. Insurance companies which violate the stipulations of this law through any of the following conditions shall be ordered by the administration in charge of financial supervision to make corrections and be fined an amount from 50,000 to 300,000 yuan, and, if their violations are serious, their scope of operations may be limited and they may be ordered to stop accepting new business or have their license for insurance operations be revoked:

- (1) Drawing guaranty money or using guaranty money in violation of stipulations;
- (2) Withdrawing liability reserve funds in violation of stipulations, carrying over liability reserve funds ahead of time, or withdrawing reserves for outstanding losses in violation of stipulations;
- (3) Withdrawing insurance coverage funds or collective reserve funds in violation of stipulations;
- (4) Handling reinsurance business in violation of stipulations;
- (5) Using company capital in violation of stipulations;
- (6) Setting up branches or representative offices without approval; and
- (7) Breaking up or merging without approval.

Article 139. Insurance companies which violate stipulations of this law with one of the following conditions shall be ordered by the administration in charge of financial supervision to make corrections, and shall be fined an amount from 10,000 to 100,000 yuan if corrections are not made within the prescribed period:

- (1) Failing to submit related reports, tables, documents, and other data according to stipulations; and
- (2) Failing to report insurance articles of various kinds of insurance and rates of insurance premiums to concerned departments for the record according to stipulations;

Article 140. Insurance companies which violate stipulations of this law with one of the following conditions shall be ordered by the administration in charge of financial supervision to make corrections, and shall be fined an amount from 100,000 to 500,000 yuan:

- (1) Providing false reports, tables, documents, and other data; and
- (2) Refusing or obstructing inspection and supervision in accordance with the law.

Article 141. Insurance companies which violate stipulations of this law in terms of any of the following conditions shall be ordered by the administration in charge of financial supervision to make corrections, and shall be fined an amount from 50,000 to 300,000 yuan:

- (1) Accepting insurance in excess of the authorized amount and the situation is serious; and
- (2) Accepting insurance for incompetent persons with death as a condition for payment.

Article 142. Those who violate stipulations of this law and illegally engage in business as insurance agents or insurance brokers without obtaining permits or licenses for such operations shall be banned by administration in charge of financial supervision. Their illegal income shall be confiscated and be fined for an amount from five to ten times the amount of their illegal income. Activities which constitute crimes shall be investigated for their criminal responsibility.

Article 143. The administration in charge of financial supervision may issue warnings against, order the removal of, or impose a fine between 5,000 and 30,000 yuan against — as the case may be — senior management personnel and other directly responsible personnel of an insurance company found to be directly responsible for acts not amounting to a criminal offense while violating provisions of this law.

Article 144. Whoever violates provisions of this law resulting in damages to other parties shall be subject to civil liability under the law.

Article 145. Whoever is found to be approving an application for the formation of an insurance company, insurance agent, or broker that fails to meet the conditions stipulated by this law shall face administrative sanctions; serious cases that constitute a crime shall be criminally liable.

Article 146. Personnel in the administration in charge of financial supervision found to be abusing power, practicing favoritism, and neglecting duties in supervising the administration of the insurance industry in such a way that constitutes a crime shall be criminally liable; cases that do not constitute a crime shall face administrative sanctions.

Chapter VIII. Supplementary Articles

Article 147. Marine insurance shall be subject to the relevant provisions under the Maritime Law, in the absence of which relevant provisions under this law shall prevail.

Article 148. This law shall apply to insurance companies with foreign equity, or branches of foreign insurance

companies in China. When there are provisions under other laws and administrative regulations, such laws and administrative regulations shall prevail.

Article 149. State-backed insurance undertakings designed to serve agricultural production and agricultural insurance shall be subject to other laws and administrative regulations to be enacted.

Article 150. Insurance organizations of a nature not being stipulated under this law shall be subject to other laws and administrative regulations to be enacted.

Article 151. While insurance companies approved in accordance with stipulations of the State Council prior to the enforcement of this law shall be retained, those being unable to fully satisfy conditions under this law shall meet such conditions within a prescribed period, the concrete procedures of which shall be decided by the State Council.

Article 152. This law shall take effect from 1 October 1995.

Foreign Trade & Investment

Li Peng Meets French Electric Company Leader
OW1407150295 Beijing XINHUA in English
1348 GMT 14 Jul 95

[FBIS Transcribed Text] Beijing, July 14 (XINHUA) — Chinese Premier Li Peng said here this evening that the Chinese government welcomes more French entrepreneurs to cooperate with China in the field of electric power.

The Chinese premier made the remark during a meeting with Gilles Menage, chairman of the French Electric Company.

Li said that ways for cooperation can be varied, including importing equipment and technology from France, and joint production of power equipment and joint construction of power stations.

China enjoys a stable and smoothly developing market, which is very attractive to foreign investors, Li said, adding that China welcomes the involvement of entrepreneurs and investors from France and other countries in fair competition for the market.

Menage said that both France and China attach great importance to their cooperation in the nuclear power industry, and much has been achieved in this regard. He expressed his hope that such cooperation would be further strengthened.

MOFTEC Opens Up Import Market, Cuts Tariffs

HK1807044695 Beijing CHINA DAILY in English
17 Jul 95 p 5

[Article by Sun Hong: "China Opens Up For More Imports 367 Items Freed From Non-tariff Measures"]

[FBIS Transcribed Text] The Ministry of Foreign Trade and Economic Co-operation (Moftec) promises China will continue to open its market wider by removing non-tariff barriers.

Since June 30 this year, 367 import items have been freed from non-tariff measures, said Qian Changyong, deputy director general of Moftec's foreign trade administration department.

The new list has reduced raw material products under import quotas and licences from 26 to 16 and cut machinery and electronic products from 18 to 15, he said.

"The measure has been taken to cope with China's transition towards a market economy and the opening and reform policy.

"It demonstrates the Chinese Government's determination on liberalizing its foreign trade, and is expected to facilitate China's imports in the future," he said.

Imports rose 15.2 per cent to reach \$56.61 billion in the first half of this year when China exported \$69.79 billion worth of commodities.

The list notes commodities set free from import quotas and licence control include crude oil, timber, ABS resin, plywood, pulp, manmade fibre, filters computers, and some kinds of tobacco products, rubber, airconditioners of more than 4,000 calories, air compressors of more than 5,000 watts, automatic washing machines, automobile engines of more than 1,000 cubic centimetres, pesticides household refrigerators, vegetable oil and wines.

Products that are no longer subject to import licence are civil demolition equipment and some kinds of manmade fibre.

Products cancelled from import quotas include grains, photocopiers and carbonic acid drinks, and some kinds of air-conditioners without refrigeration facilities, pesticides, some spare parts of automobiles (accept sedans) and petrochemical products.

Some machines and electronic products were removed from import control.

Qian said China has accelerated its pace on renovating its import system reform and opening its market. Over the past few years, the government has cut import

tariffs and non-tariff measures on a large number of commodities.

In 1993, China eliminated 283 tariff lines subject to import licence, quota management and other controlling measures, including steel and aircraft. Last year, it removed import non-tariff measures on 206 tariff lines.

On import customs duty, China lowered import taxes on 3,371 tariff lines in 1992, cut import taxes on 2,898 tax items in 1993 put 282 items under temporary import tax rates, which have all decreased from the previous tax rate, last year, and reduced import taxes on 246 commodities at the start of the year.

Qian said through these adjustments, the overall import tax rate in China has been lowered notably while the import tax structure has been improved which has helped promote China's imports.

Customs statistics indicate the annual growth of Chinese imports reached 26 per cent in 1992, 28 per cent in 1993 and 11.2 per cent last year.

Last year, China imported \$115.7 billion in commodities. The figure is expected to expand to around \$200 billion by 2000.

Beijing Sends Group to U.S. Software Conference

*OW1807080595 Beijing XINHUA in English
0753 GMT 18 Jul 95*

[FBIS Transcribed Text] Beijing, July 18 (XINHUA) — China sent a delegation of 14 professionals this week to the CA-World '95, in the U.S. City of New Orleans, the largest business software conference ever assembled.

The delegation is going to look for suitable technologies to upgrade China's industrial and banking management software as well as systems software.

The delegates represent the Ministry of the Electronics Industry, Ministry of Telecommunications, the State Science Commission and the Shanghai government.

New Orleans turns into a "Software Capital" this week as 15,000 technology professionals from 66 countries gather in the city for the event.

Sponsored by business software giant Computer Associates International, Inc., CA-'95 features thousands of high-tech attractions and workshops on advances in computer technology.

CA is the second largest software company after Microsoft, and its revenues exceeded 2.6 billion US dollars in fiscal 1995.

Computer Associates, which has realized the importance of China, is starting to approach the potential market

here as China steps up its efforts to accomplish the "Three Golden Projects" before the end of this century.

Charles B. Wang, chairman and CEO of CA, is scheduled to visit Beijing this October, and CA is to open a representative office in Beijing later this year.

Meanwhile, CA is already warming up its relations with the Ministry of the Electronics Industry and other related government departments with a view to better learning the needs of the market.

Sino-U.S. Venture To Produce Brakes in Shanghai

*OW1807051395 Beijing XINHUA in English
0422 GMT 18 Jul 95*

[FBIS Transcribed Text] Beijing, July 18 (XINHUA) — A Sino-U.S. company producing automobile braking systems has gone into operation in Shanghai.

The joint venture will produce advanced braking parts and accessories for automobile use, according to the latest issue of the "Machinery and Electronics Daily."

Involving an investment of 25 million U.S. dollars, the company is jointly funded by the Shanghai Automotive Industry Corporation, a backbone enterprise in China's automobile manufacturing field, and the American ITT Automobile Industry Company.

China has listed auto parts and accessories as a key development area for the turn of the century, and has encouraged foreign producers to join hands with local partners.

The Shanghai corporation is made up of 46 automobile manufacturers, turning out sedan cars, motorcycles, heavy-duty lorries, tractors, buses, and auto parts and accessories, according to the paper. Its American co-operator, a subsidiary of the International Telephone & Telegraph Company, is a competitive supplier of auto parts and accessories worldwide.

Stores Told Not To Sell Expired Kraft Products

*OW1707134895 Beijing XINHUA in English
1248 GMT 17 Jul 95*

[FBIS Transcribed Text] Beijing, July 17 (XINHUA) — Industrial and commercial departments in the Chinese capital have confiscated some products with the Kraft brand because the expiration date had passed.

Some 800,000 yuan (about 95,000 US dollars) worth of jams, chocolates, and candy were discovered to be one or two years past their expiration dates, and experts said they could be harmful to health if they were eaten.

Some large department stores in downtown Beijing have been asked to stop selling the Kraft-brand foods.

Officials in charge of industrial and commercial administration discovered that the products were sold wholesale by the Beijing Gaofu Foodstuff Company, which was started jointly by a Guangzhou-based Chinese company and the American Kraft General Foods International.

The company's attempts to erase or change the expiration dates on previous packages of foods, which were imported from Hong Kong, violated the Food Hygiene Law and infringed on consumers' rights, according to the officials.

They told XINHUA that the Kraft's Beijing office was legally responsible for the case.

Kraft General Foods International has set up offices in Beijing, Shanghai, and Guangzhou, and has opened joint ventures or solely-funded enterprises in Beijing, Tianjin, and south China's Guangdong Province to produce beverages, coffee, and other foodstuff.

The case is under further investigation and consumers have been advised to pay closer attention to production dates or expiration dates of imported foods in the Chinese instructions.

Beijing has asked that all imported goods have labels with instructions in Chinese in accordance with the Law on Product Quality and the Law on Protecting Consumers' Interests.

European Patent Official Praises IPR Efforts

OW1807054495 Beijing XINHUA in English
0405 GMT 18 Jul 95

[FBIS Transcribed Text] Beijing, July 18 (XINHUA) — A leading European patent official has admitted that China has made great efforts to protect intellectual property rights (IPR) over the past ten years.

Paul Braendli, president of the European Patent Office (EPO), said during an exclusive interview with XINHUA that in the short space of ten years, China has established a comparatively complete system for IPR protection, and in particular a system for patent protection.

As a noted figure in international intellectual property rights protection, Braendli assumed the EPO presidency in 1985. He has visited China many times and witnessed China's achievements since it introduced the patent system ten years ago.

He said China attaches great importance to patent protection, which, in certain aspects, has surpassed that of some European countries. "This is encouraging," he said.

Braendli attended the sixth meeting of the joint working committee of the EPO and the Patent Office of China July 9-15 here and made inspections in Hangzhou and Shanghai afterwards.

"We welcome the action program for IPR protection mapped out by the Chinese government, whose efforts, we believe, will certainly have a positive influence on the protection of patents, trademarks and copyrights," he said.

He called the cooperation between European and Chinese patent offices "fruitful" over the past decade. The cooperation covered technical assistance, training of patent officials, patent information, patent searches and other areas, he added.

As the executive organ for carrying out the European Union's cooperation with China on IPR protection with China, the EPO also conducted a pilot undertaking in patent and trademark and will soon expand it to all areas of IPR protection.

Braendli said that China's patent system and the system for IPR protection are at advanced levels. The European Union is willing to cooperate with China and to help modernize China's system of IPR protection.

This, he said, will enable more companies and enterprises of the member states of the European Union to come to invest in China, and will ensure that their patents, trademarks and copyrights are protected more effectively.

Burmese Firm Signs Contract for Equipment

OW1707053795 Beijing XINHUA in English
0314 GMT 17 Jul 95

[FBIS Transcribed Text] Yangon [Rangoon], July 17 (XINHUA) — Myanmar [Burma] Inland Water Transport (IWT) under the Transport Ministry and China's Yunnan Machinery Import and Export Corporation (YMC) signed a contract here today for the IWT to purchase dockyard machinery and equipment through the YMC.

Under the contract, the Chinese company will supply an export credit of five million U.S. dollars to the Myanmar side for buying dockyard machinery and equipment.

Swedish Firm Seeking Cooperative Venture

OW1607114095 Beijing XINHUA in English
0823 GMT 16 Jul 95

[FBIS Transcribed Text] Beijing, July 16 (XINHUA) — FILLTECH company of Sweden is seeking a cooperation partner in China for the joint development and production of TPR packing materials.

The company plans to launch a 20,000-ton TPR joint venture with a Chinese partner, according to Ake Rosen, president of the company.

TPR is a new-type environmental protective packing material made from calcium carbonate and polypropylene through special techniques.

Similar to the structure of an egg shell, the new packing material degrades into powder under the sunshine when abandoned. It is widely used in Sweden, Switzerland, Finland, the United States, Russia and Poland as butter and ice-cream wrappings.

FILLTECH, a subsidiary of the famous Tetra Laval Group of Sweden, has an annual TPR production capacity of 80,000 tons.

Toshiba Opens Large Transformer Subsidiary

*OW1707122795 Beijing XINHUA in English
1037 GMT 17 Jul 95*

[FBIS Transcribed Text] Beijing, July 17 (XINHUA) — The global giant of the electricity industry, the Japan-based Toshiba company, opened a subsidiary to manufacture electrical transformers in Changzhou City in Jiangsu Province last week.

Jointly funded by Toshiba and the Changzhou Transformer Plant (CTP), the venture will specialize in the production of super-high-tension transformers of 220 kv and above, according to the "CHINA MACHINERY AND ELECTRONICS DAILY".

Scheduled to go into operation in 1997, the venture will be able to turn out powerful transformers with a total of seven million kv every year.

Involving nearly 30 million US dollars, the venture ranks among the province's top-ten joint investment programs for 1995, and the Chinese partner holds 39 percent of the shares.

According to the investment agreement, the CTP will expand its production area by 15,000 sq m to house imported Japanese equipment, including an advanced silicon steel production line.

The venture will also manufacture electrical reactor apparatus and special transformers, with the Toshiba trademark.

Shaanxi Plans To Expand Economic Development

*HK1807085995 Beijing CHINA DAILY in English
18 Jul 95 p 1*

[Article by Cai Hong: "Shaanxi Plans to Reduce Gap"]

[FBIS Transcribed Text] Landlocked Shaanxi Province in the northwest is drawing up a programme designed

to catch up with the better-developed coastal provinces by the beginning of next century, according to a top provincial official.

The provincial government drafted a package of new policies covering management of foreign-funded firms, tourism, co-operation with other parts of the nation, foreign trade, use of foreign funds, import of talent and training for local officials.

"The province will be more open to investors from home and abroad to develop its natural resources and turn its scientific potential into economic strength," Governor Cheng Andong said. In the past five years, the province has absorbed \$1.58 billion of foreign investments.

The new policies are aimed at creating a better investment environment. Flexible methods will be taken to divert foreign investment into infrastructure projects, technical renovations in State enterprises, high-tech firms, export-oriented sector of agriculture and tourism.

The local government decided to barter shares of its infrastructure projects for foreign investors' money. Some projects, such as transportation facilities, power plants and water works will be sold at auctions. Basically all sectors of the economy are open to foreign investment except those "forbidden zones" demarcated by the central government, said the governor.

To attract big overseas investors, the province will set aside a larger share of its market for them. With a relatively undeveloped economy compared with eastern provinces, Shaanxi is rich in oil, natural gas and coal. Reserves of 92 top-quality mineral deposits have been proven in the province. Workable oil reserves in the province are estimated at 450 million tons.

In the northern part of the province, proven reserves of natural gas reach 175.8 billion cubic metres. A 900-kilometre pipeline channeling natural gas from Yan'an to Beijing is under construction. Limited by technology and a shortage of funds, the province's exploitation of the natural resources is at a primary stage, Cheng said. To improve the ability of the officials also tops the agenda of the provincial government. It plans to send officials younger than 50 to study abroad in groups. The province has set up a training centre in Hong Kong.

'Substantial' Foreign Trade Growth in Tianjin

*OW1807060095 Beijing XINHUA in English
0445 GMT 18 Jul 95*

[FBIS Transcribed Text] Tianjin, July 18 (XINHUA)

— This port city in north China witnessed a substantial foreign trade growth of 39 percent in the first half of this year.

The latest statistics show that total imports reached 3.791 billion U.S. dollars, a rise of five percent over the same period of last year.

Exports shot up by 73 percent in the first half to reach 6.031 billion U.S. dollars.

The municipality itself accounted for one third of the foreign trade volume while the northern provinces of Hebei, Liaoning and Shanxi all recorded over 100 percent growth in trade volume handled by the port.

Trade officials attributed the situation to tariff adjustments which pushed exports of general commodities to 4.24 billion U.S. dollars, up 66 percent.

The handling of processed goods is the major business of the port, with imports and exports of such goods hitting 1.888 billion U.S. dollars, an increase of 92.15 percent.

Statistics also show that though Japan, the United States and Europe were still the main trading partners, accounting for 52.14 percent of the total volume handled by the port, the growth rate dropped by 7.57 percentage points. Meanwhile the growth rate of trade with the Republic Korea, Hong Kong, Taiwan and Russia grew markedly.

Agriculture

Guangdong Peasants Reportedly Forced To Reuse Land

HK1807081095 *Hong Kong HSIN PAO (HONG KONG ECONOMIC JOURNAL) in Chinese* 6 Jun 95 p 23

[Article by Liu Yi-Ming (0491 6654 2494): "Guangdong Farmers Strongly Protest Land Recultivation Policy"]

[FBIS Translated Text] During China's real estate boom in the past a couple of years, governments at all levels in Guangdong Province granted approval to many land development plans. As soon as the ownership of large areas of farmland was transferred, land dealers would immediately level the land using bulldozers, then wait for land auctions, letting the land lie idle. As a result, many large plots of land were bought and sold by land speculators, among which were some earmarked for industrial or residential purposes. However, alongside the recent slowdown in China's real estate development, land prices have been dropping continuously, leaving large areas of land unused. In many parts of Guangdong, large stretches of levelled land can be seen lying idle, without any sign of further development. This has caused a huge waste of land resources in China.

To counter this problem, the Guangdong Provincial Government has decided to withdraw land that had been

approved for transfer, and then to sell such land to peasants to be reused as farmland. In order to put this provincial government policy into effect, governments at all levels across Guangdong have begun to pursue a policy of compulsory land recultivation. On the part of peasants, however, many are unwilling to till the land resold to them, for such land was once levelled by bulldozers and covered with a thick layer of poor-quality yellow soil and small stones, which has made the land no longer tillable. To use the land as farmland, peasants need to remove the large amount of yellow soil and small stones on top, and then cover the land with a layer of fine-quality soil. This proves a huge and time-consuming project that obviously requires a lot of labor.

Peasants Hold Demonstrations in Towns

However, governments at all levels are all trying their best to carry out the provincial government decision, and some of them have even set land recultivation quotas, demanding that all land under their charge should be reused as farmland within a prescribed period of time. To reach their goal, these local governments have resorted to forcible means in a bid to compel peasants to reuse the land for farming purposes. Under the pressure exerted by governments at all levels, peasants in all parts of Guangdong have to think of ways to redevelop the land. However, they also know that if they do exactly as the higher authorities demand, they face greater losses than gains, for such land recultivation takes a great of time and money. To cope with this situation, many peasants have planted trees on the land, hoping that this will help give the impression that they have fulfilled the task of recultivation.

Evidently, the planting of trees by peasants is hardly the outcome desired by Guangdong Provincial Government. In China, trees generally are planted on barren hills, and the planting of large numbers of trees around towns and townships is obviously a huge waste of not-so-abundant land resources in China. In view of this, governments at all levels have begun to take various measures to stop peasants' planting more trees on the land, and to compel them to plant vegetables, grain, and other cash crops. What the government is doing has infuriated peasants, for they have found themselves driven into a very difficult position. If they want to make a living by growing grain and vegetables, they have to invest large amounts of time, labor, and money to transform the land, and this is something that they cannot afford; however, if they grow grain and vegetables without transforming the land first, they can see no hope of harvests, and will surely lose all the money they have invested, even the money they have spent on seeds. Without any alternative, many peasants chose to hold

demonstrations in towns. In many small towns under the jurisdiction of Dongguan City, Guangdong Province, peasants can be seen holding demonstrations outside the town government building once every few days, demanding changes to this policy.

It is interesting to see that by holding demonstrations in streets, the peasants not only ask the government to withdraw this unreasonable decision on land recultivation, but also protest corrupt practices of the government. In their opinion, local governments have become corrupt and incompetent to a considerable extent, and never have any consideration for the interests of peasants. Many town-level governments were caught unprepared by the peasants' move.

Cost Accounting Should Be Employed in Designing the Use of Land

It is believed that the increasingly grave situation of demonstrations staged by peasants has aroused the attention of the Guangdong Provincial Government. To this writer, it is indeed a hasty move to transform this non-farmland, which was converted from farmland during the earlier land development craze, into farmland again during the recent low tide in land development. What we should do for the time being is to restrict the practice of turning more farmland into non-farmland. This is the present situation: On the one hand, the government demands that non-farmland be transformed and recultivated into land for agricultural purposes; yet on the other hand, it continues to grant approval to land deals that aim to use farmland for non-agricultural purposes. This practice is proving to be a huge waste of land resources. In addition, we also need analyze how much land we need for future industrial, commercial, and real estate development, so as to avoid the malpractice by which non-farmland is transformed into farmland this year, and will be turned to non-farmland again next year. China already has learned far too many lessons in this respect in the past. In addition, cost accounting also should be employed. If the costs for transforming non-farmland into farmland are too high, we should not force peasants to make the change. Here, uniformity should not be imposed.

Fujian Farmers' Income Rises

OW1707142695 Beijing XINHUA in English
1300 GMT 17 Jul 95

[FBIS Transcribed Text] Fuzhou, July 17 (XINHUA) — Farmers in east China's Fujian Province earned an average of 1,050 yuan each in the first half of this year, a growth of 10 percent in real terms over the same period of last year, according to official statistics.

Provincial officials attributed the increase to the greater input into agricultural production, which went up by 13.9 percent this year over the 1994 figure.

The officials estimate that the province will be able to harvest 3.31 million tons of grain in the summer, an increase of three percent over last year. They also estimate that the total output value of the agricultural sector will increase by 12 percent.

The province's township enterprises realized a total output value of 119.7 billion yuan during the first half of the year, a surge of 45.2 percent over the same period of last year, according to statistics.

***Beijing Imports 850,000 Tonnes of French Wheat**

95CE0444T Beijing ZHONGGUO XINWEN SHE in English 14 Jul

[Received via Internet WWW.Home Page]

[FBIS Transcribed Text] Paris, July 14 (CNS) — In the first six months of this year, China purchased 850,000 tonnes of wheat from France. This achievement is a result of the Sino-French bilateral trade agreement in agricultural products, an official in charge of a French cereal association said when he was interviewed by a CNS reporter in Paris.

According to a French statistical department on agricultural export, China plans to purchase a total of 2 million tonnes of wheat from France. The import of 850,000 tonnes of wheat from France in the first half of this year is part of the plan while the remaining 1.15 million tonnes will be imported in the year 1995-96.

***Henan Reports Summer Grain Output**

95CE0444U Beijing ZHONGGUO XINXI BAO in Chinese 19 Jun 95 p 3

[FBIS Summary] Summer grain output in Henan Province is estimated at 17.1 billion kilograms, a decrease of 1.12 billion kilograms from 1994, and rapeseed output will reach 416,000 tons, an increase of 129,000 tons. The average per mu yield of rapeseeds was 101 kilograms, a 24.7 percent increase over 1994.

***1995 Agriculture Investment Reportedly Increased**

95CE0488A Beijing NONGMIN RIBAO in Chinese 21 Jun 95 p 1

[Article by Sun Luwei (1327 7627 1218): "Central Government and Provinces To Boost Investment in Agriculture"]

[FBIS Translated Text] The central government will take the lead in increasing agricultural investment this

year, but with the provinces playing a key role. This means that where agricultural investment is headed in 1995 will depend on what happens at the central and provincial levels. It is understood that both the budgets and credit plans drawn up by the central government and its provincial counterparts for 1995 include significantly higher numbers than those of a year ago. As of May, both government spending and the supply of credit funds had increased substantially from the same period last year.

This is what is in the budgets and credit plans for agriculture and how they are being implemented. Spending by the central government on agriculture for 1995 is 69.3 billion yuan, an increase of 11.8 percent over the amount actually spent last year, exceeding the growth rate of recurring government revenue, which is 11.2 percent, and meeting the requirements under the Agriculture Law. Specifically, the Ministry of Finance proposes to spend 7 billion yuan (including 2.3 billion in comprehensive agricultural development funds) to support rural production and to cover the operating expenses of the agriculture, forestry, water resources, and meteorology ministries, which is up 15 percent from last year, and two percentage points higher than the growth rate of the central government's recurring revenue.

In 1995, local spending in aid of rural production and local funds allocated to cover the operating expenses of the agriculture, forestry, water resources, and meteorological departments totals 32.248 billion yuan (not including outlays from the agricultural development special fund), 5.511 billion yuan more than what was actually spent in 1994, an increase of 26.28 percent. These two expenses make up 8.28 percent of all local spending, up from 6.81 percent in 1994, a gain of 1.47 percentage points. Coastal provinces in the east are boosting agricultural spending substantially this year compared with last year. Despite their fiscal difficulties, a number of major grain-producing provinces have also increased their budgetary allocations for agriculture.

The Ministry of Finance is working out a procedure to ensure that budgetary allocations for agriculture are actually made available. A number of provinces and regions have introduced fund management methods and measures. At the same time, both the center and provincial governments have adjusted the way funds are used, emphasizing the priorities. One such priority is to support agricultural infrastructure development, the construction of commercial grain and cotton bases, and comprehensive agricultural development. The Ministry of Finance has set up a new 400 million yuan comprehensive agricultural development fund. Jiangsu province has pumped an additional 15 million yuan into water conservancy works. Sichuan province has boosted

spending on water conservancy works and the transformation of low and medium yield farmland by 40 million yuan. Shandong province has budgeted 100 million yuan for comprehensive agricultural development and the construction of commercial grain and cotton bases. Another priority is to fund the popularization of agricultural science and technology [S&T]. The budget of the central government sets aside an additional 20 million yuan to be spent on agricultural S&T and 40 million yuan to finance major S&T dissemination projects. A third priority is to support the development of "three-high" agriculture, which will boost peasants earnings and enhance government revenue. A fourth priority is to subsidize the procurement of grain, cotton, and agricultural capital goods.

As of late April, a total of 7.04 billion yuan had been spent nationwide to support rural production and pay for the operating expenses of agriculture, forestry, water resources, and meteorological departments, an increase of 1.86 billion yuan over the same period last year, or 36 percent. Spending at the central level stood at 1.02 billion yuan, up 150 million yuan, or 17 percent, equivalent to 30 percent of the amount allocated in the budget at the beginning of the year, which was 3.37 billion yuan. Local spending was 6.02 billion yuan, up 1.71 billion, or 40 percent, equivalent to 18 percent of the total allocated in local budgets in early 1995, which was 33.85 billion yuan. The growth of local spending between January and April this year outpaced that of the central government during the same period by 23 percentage points, with most of it occurring in the major grain and cotton producing regions.

How is the 1995 agricultural credit plan shaping up? This reporter has learned from the China Agricultural Bank that agricultural loans this year should total 39.5 billion yuan (including 16 billion yuan earmarked for township and town enterprises). The figure of 39.5 billion yuan is 15 billion more than what was in the plan last year and 7.2 billion yuan over the amount actually lent in 1994, an increase of 22 percent. Rural credit cooperatives plan to lend 100 billion yuan, 30 billion more than the planned figure last year and 9.5 billion yuan above the amount actually lent. It has also been stipulated that lending to basic agriculture should not be less than 40 percent, which represents an increase of almost 10 percentage points over last year.

To ensure that agricultural credit funds are released in full on time, the China Agricultural Bank has issued a notice clearly spelling out the priorities and principles to be adhered to in the use of funds. The top priority is special agricultural loans and regular agricultural loans. Next, consideration will be given to loans to township and town enterprises, capital goods

loans, and loans in aid of agriculture. Bringing up the rear are ordinary working-fund loans for industry and commerce. Special loans set aside for major grain and cotton producing counties this year amount to 6.5 billion yuan, while special loans for "two-high and one-outstanding" demonstration projects are set at 1 billion yuan. Not only has the China Agricultural Bank demanded that its branches at all levels complete this year's plan, but they must also make good any shortfall from last year. The China Agricultural Bank and the China Development Bank signed an agency agreement in late March. The China Agricultural Bank has demanded that agency be made a top priority. After the plan and funds are in place, loans must be processed in strict accordance with the appropriate credit policy to ensure that loans are released in time

to procure grain and cotton, to help the poor, or to finance special development projects. This year 50.2 billion yuan have been allocated for these purposes. The China Agricultural Bank and rural credit cooperatives issued a total of 100.674 billion yuan in agricultural loans between January and May this year, up 17.975 billion yuan, or 21 percent, from the same period last year. Specifically, the China Agricultural Bank issued 43.468 billion yuan, up 4.635 billion yuan, or 11.9 percent, from the same period last year, and the credit cooperatives issued 57.206 billion yuan in loans, up 13.353 billion yuan, or 30.4 percent. Between them, the China Agricultural Bank and the rural credit cooperatives lent township and town enterprises a total of 149.4 billion yuan.

Table 1. Budgetary Allocations for Agriculture in 12 Provinces and Regions

Province	Province-wide spending (in billion yuan)	Increase from year ago (in billion yuan)	Increase rate (%)	Provincial-level spending (in billion yuan)	Increase from year ago (in billion yuan)	Increase rate (%)
Hebei	1.11947	-	9	0.37837	479.1 (as published)	14
Yunnan	2.75	0.264	10	0.7852	0.27013	-
Guangdong	2.78	0.224	9	0.57	0.03252	-
Jiangsu	2.63	0.4	15.2	-	0.049	11.6
Hubei	1.27488	-	9	0.39441	-	6
Gansu	-	-	-	0.39014	0.05435	16.2
Liaoning	1.877	0.327	21.1	0.328	0.032	10.8
Sichuan	1.517	0.22	14.5	-	-	-
Hunan	-	-	10.6	-	0.04	12
Jilin	0.78	-	-	-	0.01621	-
Shandong	1.75	0.33	23.3	-	0.1	17.74
Xinjiang	-	-	-	-	0.0716	-

East Region

Fujian Secretary Stresses Development Efficiency

HK1807021695 *Fuzhou Fujian People's Radio Network in Mandarin* 2300 GMT 27 Jun 95

[FBIS Translated Text] Provincial party committee Secretary Jia Qinglin recently inspected Nanping City and Sanming City, where he conducted investigations and study and stressed: We are now in a crucial period of fulfilling the Eighth Five-Year plan and starting the Ninth Five-Year Plan. In view of this situation, all areas should conscientiously formulate development plans, pay close attention to changes relating to economic development, conduct work in a down-to-earth manner, and strive to score more achievements to greet the forthcoming convocation of the provincial party congress.

Led by Secretary Jia Qinglin, a group of provincial department leaders on 23-27 June inspected Nanping City and Sanming City, where they conducted investigations and study, went deep into villages and fields to inquire about agricultural production conditions, visited some factories, mines, and enterprises where they held talks with factory directors and managers, and inspected several key construction sites where they extended greetings and appreciation to cadres and workers on the spot. After listening to work reports made by Nanping City and Sanming City leaders, Secretary Jia Qinglin gladly said: Nanping City and Sanming City have registered rapid social and economic growth in the last two years.

Speaking of economic development, Secretary Jia Qinglin noted: While studying current work and devising long-term plans, we should always adhere to economic construction as the center, make every possible endeavor to raise economic construction quality and efficiency, correctly handle the relationship between speed and efficiency, and shift the focus from extensive, external, and speedy economic growth to intensive, internal, quality, and efficient economic growth. To raise economic growth quality and efficiency, we should closely rely on science and technology, popularize the latest scientific and technological achievements, properly handle relations between economic growth and environmental protection, and attach growing importance to environmental protection. In the run-up to this year's early rice harvest, we should make continued efforts to strengthen middle-stage and late-stage field management, try in every way to prevent and resist natural calamities, and strive to reap a good early rice harvest.

Secretary Jia Qinglin went on: State-owned enterprises should continue to embark on four types of reforms, energetically shift operative mechanisms, install new

operative mechanisms, and raise economic efficiency. In addition, we should go all out to push ahead with development of township and town enterprises, enterprises run with three types of capital, individual economy, and private economy. Furthermore, we should also make continued efforts to build spiritual civilization projects and other key projects and become more determined than ever in building infrastructure projects despite enormous difficulties.

Secretary Jia Qinglin stated: Successful reform and development are contingent on successful party building. Therefore, party organizations at all levels in the province should take the lead and play a core role in party building, take overall interests into consideration, submit to the interests of the whole, adhere to democratic centralism, strengthen the solidarity and unifying force of leading bodies, conscientiously implement to the letter and take as a guide a series of central programs, profoundly study Deng Xiaoping's original works, make cadres at all levels more capable of taking account of overall interests and tackling realistic problems, learn from Comrade Kong Fansen, give full scope to the exemplary role played by advanced models, train and foster tens of thousands of people like Comrade Kong Fansen, conscientiously implement to the letter a series of central regulations on opposing corruption and building clean government, make cadres become more conscientious in honestly performing official duties and abiding by laws and observing discipline, and unwaveringly resist and eliminate negative and corrupt phenomena.

Fujian Secretary Discusses Party Building

HK1807022495 *Fuzhou Fujian People's Radio Network in Mandarin* 2300 GMT 28 Jun 95

[Report by reporter Yao Yanyu]

[FBIS Translated Text] On the afternoon of 28 June, the provincial party committee called a teleconference to ceremoniously mark the 74th anniversary of the founding of the CPC and to commend advanced collectives and individuals of the party who have made outstanding contributions to reform, opening up, and economic construction as well as party building in the province. Provincial Party Committee Secretary Jia Qinglin made an important speech; Deputy Secretary Lin Kaiqin presided over the conference. Other provincial leading members participating in the conference were Chen Mingyi, You Dexin, He Shaochuan, Wang Jianshuang, Zhao Xuemin, Lin Zhaoshu, Huang Wenlin, Xi Jinping, and Chen Mingduan.

All prefectures and counties set up sites for the conference. Among those commended yesterday were 196

advanced grass roots party cells, 490 fine Communists, 194 party affairs workers, and 98 fine village party branch secretaries. On behalf of the provincial party committee, Jia Qinglin extended his warm congratulations and highest regards to them and to the broad party members who have made positive contributions to reform and construction on various fronts.

Having reviewed the glorious progress of the CPC over the past 74 years, Jia Qinling said: To mark the CPC birthday, it is precisely necessary to study and inherit the party's fine traditions, further adhere to party leadership, augment party building, and rely on party organizations at all levels and the common efforts of all party members to elevate party building to a new level. He indicated that it is imperative to give better play to the vanguard and exemplary role of Communists. During the new historical period, every Communist must always adhere to the vanguard nature of the working class and the goal of serving the people heart and soul; they must brace up and do work in a down-to-earth manner, and play an exemplary role in leading the broad masses of people to work hard for realizing the various tasks of the party in the new period.

Presently, it is imperative to do a good job of work in three aspects: First, it is necessary to continue to study in depth Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, and study in depth the selected works of Deng Xiaoping with the program as the basic guideline so as to understand and grasp completely and accurately Deng Xiaoping's theory on building socialism with Chinese characteristics to guide China's reform, opening up, and economic construction.

Second, it is necessary to continue to learn from Kong Fansen in depth and in a down-to-earth way so that every party member will have lofty theory and firm faith and place the interests of the party and the people above all else, as did Kong Fansen.

And third, it is imperative to bring forward the spirit of working hard and with perseverance, continue to unfold the anti-corruption campaign in depth, while establishing a correct work outlook and outlook on life, and consciously resisting the corruption of all sorts of decadent bourgeois thinking, including money worship, hedonism, and ultra-individualism.

Jia Qinglin stressed that it is imperative to give better play to the grass roots party cell's role as combat bastion and implement the party line, principles, and policies enthusiastically, comprehensively, and correctly, and conduct work by effectively centering around party central work. It is imperative to enhance the extensive ties with the people, earnestly handle and resolve all

sorts of problems the masses reflect, help the masses resolve their problems and difficulties in a down-to-earth way, and grasp and maintain social stability as an important duty.

In conclusion, Jia Qinglin said, this October Fujian will hold the Sixth Provincial Congress. Party organizations at all levels and the broad party members must further unify their thinking, rally their strength, push Fujian in deepening reform, expand opening up, promote development, maintain stability, go all out while grasping implementation in seeking substantial results, and give dedicated service to the provincial party congress!

Fujian Governor Discusses Ninth Five-Year Plan

HK1807020095 *Fuzhou Fujian People's Radio Network in Mandarin* 2300 GMT 3 Jul 95

[Report by reporter Chen Jianhong]

[FBIS Translated Excerpt] On 3 July, the Fujian provincial government called a routine meeting to hear a report by the provincial planning commission on Fujian's Ninth Five-Year Plan for Economic and Social Development and planning for the year 2010; in-depth study and discussion followed. Provincial Governor Chen Mingyi presided over the meeting; Vice Governors Wang Jianshuang, Zhang Jiakun, Wang Liangpu, Pan Xincheng, and Wang Xiaojin attended the meeting and aired their views one after another.

In his speech, Chen Mingyi stated that the formulation of the Ninth Five-Year Plan and the planning for 2010 are vitally important and have a bearing on the issue of how Fujian will be ushered into the next century. [passage omitted] Chen stressed that it is imperative to make explicit plans that involve responsibility and to augment guidance plans. It is necessary in the future to give play to advantages and do a good job in planning for infrastructure and pillar industries. [passage omitted]

Campaign in Jiangsu's Xuzhou To Clean Up River

OW1707170895 *Beijing XINHUA in English*
1612 GMT 17 Jul 95

[FBIS Transcribed Text] Xuzhou, July 17 (XINHUA) — Pulp production in a major paper mill was shut down today, a symbol of the start of a campaign to clean up the Huaihe, a major river in east China.

The Huaihe River Valley goes through Jiangsu, Shandong, Henan, and Anhui provinces, which have one-eighth of the country's total land area and population.

A spokesman for the Xuzhou Government in Jiangsu Province said that the pulp production has been polluting the Kuihe, a branch of the Huaihe River, for 30 years.

"Quick economic development has brought serious pollution to the Huaihe River," he pointed out, noting that, "The filthy Kuihe alone affects nearly 500,000 people's health and causes deterioration on a million farms."

He said that the State Council has set the end of the century as the goal for cleaning up the Huaihe River network.

To achieve this goal, he said, the city plans to shut down 40 paper mills by the end of next year.

He said that Xuzhou has built a waste water processing factory with a daily handling capacity of 100,000 tons of waste water.

He said that Xuzhou will also build eight more waste water processing plants by the end of 1997, adding that the Huaihe River system will hopefully be clean once more about two years ahead of schedule.

Central-South Region

Hunan Secretary's Instructions on Flood Control

HK1807020495 *Changsha Hunan People's Radio Network in Mandarin* 2300 GMT 1 Jul 95

[FBIS Translated Text] At 2100 on 30 July, provincial party committee Secretary Wang Maolin gave an important instruction on doing a good job of flood control work. Secretary Wang Maolin indicated that presently the tasks for flood control and rushing for emergency remain arduous and call for bringing forth the spirit of not fearing fatigue and repeated operations, continuing to organize work in a scientific way, and implementing the responsibility system in all work to guarantee the safety of people's lives and property and minimizing losses. Leading members of party and government organizations and party members of all localities, especially in lake areas, must stand the test of the current flood, guarantee the safety of people's lives and property in the lake areas, and seize new victories in flood control, rushing to emergencies, and providing relief.

Hunan Secretary, Minister on Enterprise Reform

HK1807020295 *Changsha Hunan People's Radio Network in Mandarin* 2300 GMT 19 Jun 95

[Report by station reporters Zhou Yuan, and Liu Ding-guo]

[FBIS Translated Text] The provincial work conference on enterprise reform and social insurance restructuring ended in Zhuzhou on 19 June. Provincial party and government leading members Wang Maolin, Yang Zhengwu, Liu Zheng, Wang Keying, Yu Haitao, Zhou Bohua, Zhou Shichang, and Labor Minister Li Boyong attended the concluding ceremonies.

Yang Zhengwu, provincial party committee deputy secretary and concurrently provincial governor, presided over the meeting. Provincial party committee Secretary Wang Maolin delivered an important speech. Comrade Wang Maolin said enterprise reform in Zhuzhou has been practiced for a long period in many aspects.

When various localities study the experiences of Zhuzhou, they must first have a clear picture of the direction of reform and firm up their confidence in running state-owned enterprises well. It is imperative to unify ideological understanding — namely, state-owned enterprises must undergo reform and be reinvigorated. Presently, enterprise reform is under way and enterprises are being reinvigorated. However, further reform and reinvigoration are called for.

Second, it is imperative to suit measures to the actual conditions of the enterprise, implement categorized guidance, and adhere to proceeding from actual conditions in everything.

And third, it is imperative to have faith in and rely on the working class, and show respect for the initiatives of cadres, staffers, and workers.

Comrade Wang Maolin stressed that to deepen reform of state-owned enterprises and do a good job of tackling bottlenecks in eliminating deficits and increasing profits, the most fundamental point is that the enterprise itself must improve its internal operation and initiate its internal strength. To run an industrial enterprise well, what is indispensable is a sound leading body, a sound mechanism, a fine product, a wide-ranging managerial system, and an effective contingent of workers and staffers.

With respect to promoting social insurance restructuring in a big way to create a sound social environment for enterprise reform, Comrade Wang Maolin stressed that leadership at all levels and various departments must deepen their understanding of the importance and urgent need for social insurance restructuring. It is imperative to implement the plan for restructuring the pension insurance system of enterprise workers and staffers formulated by the provincial government from the plane of the overall situation in the spirit of doing substantial work.

Minister of Labor Li Boyong also delivered an important speech on deepening social insurance restructuring at the meeting yesterday [19 June].

Hunan Secretary Urges Improving Party Building
HK1807022095 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 29 Jun 95

[FBIS Translated Text] Hunan Provincial Committee Secretary Wang Maolin stated that various localities must take building of grass roots party organizations as the key to further strengthening and improving party building, at a 29 June meeting for party-member responsible persons at prefectural and city levels as well as departments directly under provincial authorities. Wang Maolin indicated that an important task in party building at present is to unify the ideological thinking of the broad party members with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. In party building, it is imperative to exert efforts to do a good job in party organizational building at the grass roots. Party committees at all levels, especially the county and city levels, must take leadership responsibility in building and rectifying party branches in rural areas in a down-to-earth way, and must exert efforts to resolve outstanding issues in grass roots organizational building. The key to building and rectifying party branches in rural areas is to select the leading body to guide the masses to develop and strengthen village-level collective economy. The general guideline for party organization building in enterprises is to give full play to the role of the political core of enterprise party organizations as combat bastions and to the vanguard and exemplary role of party members.

Guangdong Governor Addresses Economic Conference

HK1807021495 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 1 Jul 95

[FBIS Translated Text] The provincial people's government on 29-30 June convened in Guangzhou a provincial economic work conference aimed at analyzing the present economic situation and outstanding problems as well as studying and arranging for the province's work to improve product quality and raise economic efficiency in the second half of the year.

Provincial Governor Zhu Senlin presided over the conference and delivered an important speech in which he said: The province's national economic operation remained basically healthy and stable in the first half of the year. However, we also came across a number of problems that merit serious attention. For instance, the province-wide "Quality-Efficiency Year" activities failed to yield desired results. In view of this situation, people's governments and departments concerned at all levels across the province should pay close attention to all existing problems. Provincial economic growth, he

noted, hinges on economic growth quality and efficiency rather than on the speed of economic growth, he added.

Governor Zhu Senlin stated: We should make conscientious efforts to deal with the following six aspects of the province's economic growth at the moment:

1. The people's governments and departments concerned at all levels in the province should ideologically and conceptually realize a strategic transformation in real earnest, concentrate efforts on improving product quality and raising economic efficiency, press ahead with economic growth by relying on advanced science and technology, and strive for better economic efficiency by deepening reforms and improving management.
2. The people's governments and departments concerned at all levels in the province should conscientiously implement to the letter "Three Laws," "Two Rules," and "Two Regulations" promulgated by the state as well as a series of corresponding policies promulgated by the provincial authorities and should accelerate enterprise reform in real earnest in the second half of this year.
3. The people's governments and departments concerned at all levels in the province should do a better job of stabilizing commodity prices on the market and bringing down inflation, and work hard to attain this year's price control goals.
4. The people's governments and departments concerned at all levels in the province should clearly understand the present financial situation, readjust credit and loan structure, and expedite capital circulation.
5. The people's governments and departments concerned at all levels in the province should make continued efforts to screen and do away with all unreasonable charges, fines, and apportionments and pay all overdue wages to schoolteachers in the second half of the year.
6. The people's governments and departments concerned at all levels in the province should truly list environmental protection in local social and economic development plans.

Guangxi Secretary Stresses Township Enterprises

HK1807021895 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 27 Jun 95

[Report by station reporter Wang Shangbiao]

[FBIS Translated Excerpt] Deputies to the regional work conference on township and town enterprises participated in a meeting in Yulin on the morning of 27 June

following a four-day on-site observation. Regional leading members including Zhao Fulin, Cheng Kejie, Ding Tingmo, Yang Jichang, (Li Zhaozuo), and Xu Bingsong attended the conference. Ding Tingmo, deputy secretary of the autonomous region party committee, presided at the meeting. The main contents of the meeting were to unify thinking, summarize work, exchange experience, discuss plans, and formulate measures to guarantee rapid and healthy growth of township and town enterprises.

At the meeting, regional party committee Secretary Zhao Fulin delivered a speech titled: Unify Thinking, Strengthen Leadership To Push Township and Town Enterprises To Ascend New Heights in Guangxi. Zhao Fulin's speech was in eight parts: First, deepen understanding to unify thinking; second, with the market as guidance, readjust the industrial setup and optimize allocation of resources; third, suit measures to local conditions and encourage common growth of diverse economic factors; fourth, through reorganization and combination, make complete and perfect the service system to enhance scope of operations; fifth, do a good job of work in small towns and the fringes of industrial districts to push and guide the concentration of township and town enterprise development; sixth, gradually shape a mechanism of input characterized by pluralism and multiple channels focused on peasant accumulation; seventh, upgrade the level of township and town enterprise reliance on advances in science and technology; and eighth, augment leadership, do a good job of planning, complete and perfect policies, and render service.

In his speech, Zhao Fulin said, the tasks for the regional work conference on township and town enterprises held by the regional party committee and regional government are to summarize and exchange experiences in the development of these enterprises over the past few years, unify thinking, and strengthen leadership to maintain the sound momentum of sustained, rapid, healthy development with a new spiritual feature and work attitude to push the enterprises to new heights, thus making greater contributions to realizing the goal of becoming comparatively well off in Guangxi. [passage omitted]

Comrade Zhao Fulin said, to unify thinking, the focus is on several aspects: First, in the course of realizing the goal of becoming comparatively well off, township and town enterprises can and must shoulder heavy loads. To realize the goal of becoming comparatively well off by the year 2000, the key as well as the bottleneck lies in the rural areas. To resolve the bottleneck, on what should one rely to become comparatively well off? Mainly, one should rely on county-run enterprises, agriculture of a development nature, and township and town enterprises, which can really shoulder heavy loads

in developing the rural economy, helping the peasants eliminate poverty and become comparatively well off. That has been already been proven in practice.

Second, seize the opportunity and step up the pace of development. It is imperative to unify thinking as to whether there is still the opportunity and the possibility of achieving sustained, rapid, and healthy growth. We must see that through the rapid growth of recent years, the base of Guangxi's township and town enterprises is greater than the past; however, compared with the whole country, Guangxi's base is relatively small.

Third, the whole party and whole society pay attention to shaping the general atmosphere for the development of these enterprises. We must have a full understanding in the fact that augmenting leadership, reliance on the masses, and flexible mechanisms are the decisive factors for the development of township and town enterprises.

On taking the market as guidance, further readjusting the industrial setup, and optimizing allocation of resources, Comrade Zhao Fulin said, first, it is necessary to combine township and town enterprises with agricultural development; second, the development of these enterprises must be based on local advantages in resources. Third, it is necessary to enthusiastically develop those township and town enterprises that render service to urban industry and people's livelihood. Fourth, it is necessary to develop in a big way export-oriented enterprises and products; township and town enterprises should open domestic as well as overseas markets. [passage omitted] Fifth, it is necessary to develop labor-intensive and new hi-tech industries simultaneously. [passage omitted]

On suiting measures to local conditions and encouraging the simultaneous development of diverse economic factors, Comrade Zhao Fulin held that adhering to taking state-owned enterprises as the main body and simultaneously developing diversified economy is an important principle of economic development in China. In the course of developing township and town enterprises, it is necessary to continue to implement flexibility with many wheels turning simultaneously, and operations on several tracks, while giving a free hand to developing enterprises in various forms of ownership. [passage omitted] It is necessary to continue to run collective enterprises in townships, towns, and villages well and pay attention to developing cooperative joint ventures. It is necessary to discover and do a good job of employing talented economists in developing township and town enterprises. It is necessary to encourage the development of individual economy, private economy, and foreign-funded enterprises. [passage omitted]

Southwest Region

Chinese, Foreign Journalists Arrive in Tibet
OW1707120795 Beijing XINHUA in English
0859 GMT 17 Jul 95

[FBIS Transcribed Text] Lhasa, July 17 (XINHUA) — The eyes of the world are turning to southwest China's Tibet Autonomous Region as its 30th founding anniversary approaches.

Since the beginning of July this year the local government has received scores of journalists from more than 100 Chinese and foreign newspapers and agencies.

"Tibet welcomes Chinese and foreign reporters to the region and expects them to give all-round and objective coverage to developments here," said Wang Nengsheng, head of the propaganda section of the preparatory committee for the 30th founding anniversary.

Some reporters will be invited to attend the ceremonies for the anniversary, to be held in September this year, he added.

Newsmen from coastal areas will get a chance to tour other parts of Tibet in addition to Lhasa and report what they see there.

Tibet was liberated in 1951, but the inauguration of the Tibet Autonomous Region was officially held in 1965. To observe the 30th anniversary of the occasion, the regional government will organize a grand ceremony in September this year. The central government will send a delegation to Lhasa at that time.

XIZANG RIBAO Greets CPC Anniversary

OW1707133995 Lhasa XIZANG RIBAO in Chinese
1 Jul 95 pp 1, 2

[Editorial: "Shouldering the Heavy Responsibility of Reinvigorating Tibet — Commemorating the CPC's 74th Founding Anniversary"]

[FBIS Translated Text] With the 30th anniversary of the establishment of the Tibet Autonomous Region around the corner and an upsurge brought up by the people throughout the region in comprehensively implementing the guidelines of the Third Forum on Work in Tibet, we greet the 74th founding anniversary of the CPC.

While commemorating this glorious day, the large number of Communist Party members remember well the party's objective, live up to the expectations of the people, and express a common aspiration — that is, they are determined to shoulder the heavy responsibility of reinvigorating Tibet, form the backbone of safeguarding Tibet's stability, strive to shake off Tibet's poverty and backwardness as soon as possible, and be the vanguard in seeking happiness for the people of Tibet.

Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, which is the latest achievement in integrating Marxism with the practice of revolution and construction in China, is the Marxism of contemporary China and the powerful ideological weapon guiding us to accomplish the new historical task. All party members, leading cadres in particular, should take the initiative in studying well this theory and in arming the mind with this powerful weapon. The "Outline for Studying Comrade Deng Xiaoping's Theory of Building Socialism with Chinese Characteristics," recently printed and distributed by the central authorities, is an important measure taken by the party Central Committee, with Comrade Jiang Zemin as the core, to implement the strategic task of arming the entire party membership with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. Party organizations at all levels in Tibet should actively organize the large numbers of party members and cadres to study in depth the original works of Comrade Deng Xiaoping in the light of realities in the region. We should use the "outline" as the basic guide in linking the "Selected Works of Deng Xiaoping" Volumes 1 through 3 and in conducting an in-depth, systematic overall study of the theory of building socialism with Chinese characteristics, thereby enabling party members and cadres across the region to further enhance their theoretical, ideological, and leadership level; to strengthen their party spirit; to increase their awareness; and to integrate theory with practice for guiding the work in various fields.

The primary mission of Communist Party members throughout the region, especially leading cadres at all levels, in the last years of this century is to lead the people of Tibet to implement the guidelines of the Third Forum on Work in Tibet and to carry out the heavy responsibility of reinvigorating Tibet. The goals and tasks for Tibet's economic and social development, laid down by the Third Forum on Work in Tibet, are policy decisions made in light of Tibet's realities and aimed at accelerating Tibet's development. Currently, the implementation of the third forum's guidelines is in full swing across the region. All fraternal provinces and regions are stepping up efforts to aid Tibet, while cadres from the relevant departments to help Tibet have all arrived; and Tibet's ties with the hinterland provinces, municipalities, and regions are being strengthened and deepened. All of these have exerted an immeasurable influence on promoting prosperity in the region.

Needless to say, we should also recognize various difficulties on our road of advance. Due to historical, geographical, and other reasons, Tibet is lagging far behind the fraternal provinces and regions in economic

development. To shake off poverty and backwardness in Tibet and reduce our gap with the rest of the country, we should adhere to the cardinal principle that development is the last word, overcoming all interference and going all out to achieve rapid, sustained growth. This will require Communist Party members at large to foster a greater determination of exerting their utmost to struggle for socialism in Tibet until the very end. We must dare to look squarely at existing problems, analyze and study them realistically, and find a solution to them. We must imbue ourselves with the spirit of serving the people wholeheartedly, lead and encourage masses of people to rely on themselves, and work hard to increase the gross regional product [GRP] by around 10 percent annually and to double the 1993 GRP by the year 2000. By that time, we should basically shake off poverty, enable the majority of the people to become well off, and achieve a substantive development in various social undertakings, thereby laying the foundation for Tibet's further development in the next century.

The central authorities have clearly pointed out that the Dalai clique's splitist activities are the main source of instability in Tibet. Therefore, the work of safeguarding stability in the region should be focused on thoroughly exposing and repudiating the class nature, political scheme, and criminal acts of the Dalai and his splitist clique and on eradicating the social foundation, on which the Dalai and his clique depend. The most practical and effective way of testing a Communist Party member's political stand is whether he is opposed to the Dalai clique. The fight against the Dalai clique is a protracted, acute, complex, and sometimes even fierce struggle. Recently, the Dalai, in violation of religious rites and systems established by history, confirmed without authorization outside the territory "a boy as the reincarnation of Panchen," thereby once again stirring up a political dispute to split the motherland. This criminal act is invalid and illegal. On this major issue of right and wrong, each and every Communist Party member must weigh the fundamental interests of the people of Tibet above anything else, take a firm stand, clarify his own political attitude, and maintain a higher degree of unity with the party Central Committee. Party organizations at all levels and Communist Party members at large must take Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as the guide, bring into full play their exemplary vanguard role and their role as the fighting bastion, steadfastly safeguard the motherland's unification, and work for the unity of nationalities.

Comrade Kong Fansen has earnestly carried out a communist's fundamental purpose of wholeheartedly serving the people and set a shining example for

CPC members in Tibet and around the country by working his heart out, working selflessly, and waging hard struggle for the economic development, national unity, and improvement of people's lives in Tibet. We should vigorously respond to General Secretary Jiang Zemin's call for "learning from Comrade Kong Fansen" and Premier Li Peng's call for "emulating Comrade Kong Fansen's spirit of deep love for the people and selfless dedication." We should emulate his noble quality of having deep love for the people and selfless dedication, adopting a correct world outlook and outlook on life, observing clean standards and self-discipline, consciously resisting the corrosive influence of money worship, individualism, and decadent lifestyles, and wholeheartedly serving the people. Every CPC member should make Kong Fansen's spirit and deeds a mirror and ruler of his ideology and work and always use them to look into and measure his own ideology and work. By "emulating the example, identifying the gap between him and us, and taking action," we should consciously follow the example of Kong Fansen and vie with one another for becoming outstanding CPC members in the new era.

Party organizations at various levels and the broad masses of CPC members must firmly take the theory of building socialism with Chinese characteristics as the fundamental guide, unite people of all nationalities in Tibet under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the core, so that we will breathe together, share the same destiny, link our hearts to one another, pool the wisdom and efforts of everyone, work hard on our pioneering cause, strive to safeguard social stability all over Tibet, concentrate our strength on Tibet's economic construction, and bring about long-term stability, prosperity, and progress to Tibet.

The fifth autonomous regional party congress is in sight. This is a great, happy event in the political life of the broad masses of CPC members in Tibet. Let us create outstanding achievements with high revolutionary morale and full political enthusiasm, and dedicate these generous gifts to the party congress!

Guizhou Government Briefs Media on Flooding

HK1807020695 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 30 Jun 95

[FBIS Translated Excerpt] Not long ago, the provincial government briefed the media on the serious flooding in Guizhou. According to the briefing, on 23-25 June there were rainstorms in the northern and eastern parts of the province as well as in Qiandong, Qiandongnan, and Qiannan, resulting in disastrous floods and mudslides, and causing great loss of life and property.

According to incomplete statistics, by 27 June 33 counties, including 357 townships and towns, were heavily afflicted, involving 5.8 million victims, of which the most seriously affected were Kaiyang, Zunyi County, Zunyi City, Xifeng, Zhenyuan, Cengong, and Dushan. An area of 2.9 million mu of farmland was flooded with crops on 1.8 million mu destroyed.

Some 11,000 houses had collapsed and 20,800 were damaged. Seventy-nine people had died and 811 were injured; 383 draught animals, 3,590 tons of grain, and 1,800 cubic feet of timber were also lost. One hundred seventy-four industrial and mining enterprises were seriously damaged.

Cave-ins occurred in 18 places on the railways. The Sichuan-Yunnan Railway was interrupted for 11 hours, the Hunan-Yunnan Railway for three hours, and the Yunnan-Guizhou Railway remained interrupted as of 28 June, with 39 bridges destroyed and 108 highways cut off. Some 254 large trucks or buses were damaged, and 25 telecommunication lines were cut off.

Thirty-six small and medium-size hydropower stations were swept away, and power and water supply installations were seriously damaged. Some 200 primary and secondary school buildings, with a floor space of 100,000 sq ft, collapsed.

Direct economic losses resulting from the floods totaled 803 million yuan. [passage omitted]

Guizhou CPC Starts New Party-Building Journal

HK1807022895 *Guiyang Guizhou People's Radio Network in Mandarin* 2300 GMT 30 Jun 95

[FBIS Translated Excerpt] With the approval of related departments, the journal DANGJIAN JIAOLIU [Party Building Exchange] sponsored by the Guizhou Provincial CPC Committee Organization Department started circulation throughout China at the beginning of 1995. To mark the occasion, the provincial propaganda department called a forum on the afternoon of 30 June. Responsible persons from press units at provincial units and Guiyang, as well as press units stationed in Guizhou, departments directly under the provincial authorities, all prefectural and city party committees, some enterprises, and related departments participated. [passage omitted]

At the forum, Dong Demin, deputy director of the provincial propaganda department said, DANGJIAN JIAOLIU is a comprehensive monthly for party members as well as a mouthpiece of the provincial organization department for carrying out party building. [passage omitted]

Sichuan Secretary Commemorates CPC Anniversary

HK1807022695 *Chengdu Sichuan People's Radio Network in Mandarin* 1100 GMT 30 Jun 95

[FBIS Translated Text] This morning, the Sichuan Provincial CPC Committee held a forum in Chengdu at which provincial party Secretary Xie Shijie called on the broad masses of Communist Party members throughout the province, leading cadres at all levels in particular, to conscientiously take the party constitution as a yardstick and Kong Fansen as an example in taking the initiative to improve their own ideological and political quality. They must strive to become Kong Fansen-type good party members and cadres.

At the forum, more than 30 representatives of the advanced grass roots party organizations from various fronts throughout the province and outstanding CPC members spoke glowingly of the present favorable situation of reform, development, and stability.

Seven delegates from the grass roots units, including Chen Shuoguo, secretary of the Jinniu District CPC Committee under the Chengdu City CPC Committee, and others successively spoke at the forum. They briefed attendees from different aspects on their experiences and methods for studying the theory of building socialism with Chinese characteristics and the new CPC Constitution, and emulating the advanced deeds of Comrade Kong Fansen.

Provincial Party Secretary Xie Shijie made an important speech at the forum. On behalf of the provincial CPC Committee, he first sent his cordial regards and extended his warm seasonal greetings to the broad masses of party members from all fronts of reform, opening up, and socialist modernization, who are working hard and serving the people enthusiastically. In his speech, Xie Shijie said: Over the past 16 years since the Third Plenary Session of the 11th CPC Central Committee, in our province and the whole country the economy has been developing and national solidarity has been promoted. Our political situation is stable, and our society is progressing. A new atmosphere has emerged in various quarters. Combining theory with practice, Xie Shijie expounded the necessity, importance, and great practical significance of carrying out double economy. He fully affirmed the initial results achieved by our province in extensively carrying out double economy activities and emulating the deeds of Comrade Kong Fansen. He also set new and higher demands on further deepening such activities in the future.

Leading comrades who attended today's forum included Xiao Yang, provincial party deputy secretary and governor; Yang Xizong, chairman of the provincial People's

Congress; Nie Ronggui, chairman of the provincial Chinese People's Political Consultative Conference; Song Baorui, provincial party deputy secretary; Qin Yiqun, provincial party deputy secretary; Pu Haiqing, provincial party deputy secretary and executive vice governor; and Yang Chonggui, provincial party deputy secretary. Members of the provincial CPC Committee Standing Committee Luo Liangyang, Xi Yifang, Shi Zhiyi, Ren Keli, (Shen Guojin), and others were also present at the meeting.

Today's forum was presided over by Provincial Party Deputy Secretary Song Baorui.

Yunnan To Increase Aid to Impoverished Areas

HK1807022295 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 22 Jun 95

[FBIS Translated Excerpt] The provincial government held a governor's work meeting yesterday afternoon to study and plan the operation to aid impoverished areas in the province. Governor He Zhiqiang addressed the meeting. He stressed the necessity of taking effective measures to conscientiously implement the 7.7 intensive program for aiding impoverished areas and to do a good job in extricating 500 impoverished townships and towns from poverty.

He Zhiqiang pointed out: Our province has achieved great success in implementing the 7.7 intensive program for aiding impoverished areas over the past year or so. The plan for 1994 was overfulfilled, thus resolving the problem of supplying enough food and clothing to the 1.24 million population. But we are still facing very arduous tasks and formidable difficulties in our help-the-poor program. In light of the actual circumstances in this province, the provincial government has decided to concentrate our resources on helping 500 particularly poor towns and townships eliminate poverty in six years. With this target fulfilled, the province's program for aiding impoverished areas will be basically completed. [passage omitted]

Vice Governors Huang Bingsheng, Zhao Shumin, and Dai Guanglu, secretary general of the government general office Wu Guangfan, and officials in charge of the provincial help-the-poor affairs office, the provincial planning commission, the provincial financial department, the provincial water conservation department, and other commissions and departments concerned, also spoke at the meeting, talking about the province's achievements and existing problems regarding the help-the-poor program.

Yunnan Secretary Hails CPC-CPPCC Cooperation
HK1807021295 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 19 Jun 95

[Report by station reporter Niu Yuan]

[FBIS Translated Excerpt] Yunnan Provincial CPC Committee Secretary Gao Yan called on persons in charge of the Chinese People's Political Consultative Conference [CPPCC] provincial committee, and various democratic parties, the industrial and commercial federation, and other public organizations as well as non-party celebrities, and held cordial talks with them this morning.

Gao Yan said that everyone present had done a lot of work for the building of Yunnan with great accomplishments, and he wanted to express his thanks to them. Multi-party cooperation under the CPC leadership and the political consultative system is the fundamental political system of China. Since the period of the Democratic Revolution, the CPC and democratic parties have coexisted and practiced mutual supervision, have been devoted to each other, and have shared weal and woe together. This policy has played a great role, and is continuously completed and perfected. United front work has always been a magic wand for the CPC, and the CPPCC has been a treasure house of talents. Under the leadership of the provincial party committee in recent years, Yunnan has scored great accomplishments in work in various arenas with rapid economic growth, made great progress in power resources, water conservancy work, and transportation, and done an impressive job of reform, opening up, and border trade. All these accomplishments are inseparable from the efforts of the CPPCC.

Gao Yan said that the goal and tasks of the provincial party committee and government for this year would remain unchanged; the main point was to grasp implementation; and the trend of thought and methods of work would remain unchanged. It is imperative to handle well the relationships between reform, development, and stability, which is the foundation, whereas reform is the key and development the goal.

Gao hoped that the CPPCC would continue to play the role of the treasure house of talent in building the two civilizations in Yunnan and a still greater role in democratic supervision, participating in government and discussing state affairs. [passage omitted]

North Region**Wei Jianxing Stresses Stability in Beijing**

OW1707143195 Beijing XINHUA Domestic Service
in Chinese 1116 GMT 5 Jul 95

[By reporter Xu Jiangshan (1776 3068 0810)]

[FBIS Translated Text] Beijing, 5 Jul (XINHUA) — Wei Jianxing, member of the CPC Central Committee Political Bureau and Secretariat and secretary of the Beijing Municipal CPC Committee, pointed out yesterday at a Beijing municipal meeting of district, county, and bureau leading cadres with CPC membership that exposure of Wang Baosen's crimes demonstrates that our party completely has the ability to eradicate corrupt elements from the party.

The Beijing Municipal CPC Committee yesterday convened a meeting of district, county, and bureau leading cadres with CPC membership. The meeting informed the attendees of the CPC Central Committee's decision on investigating Comrade Chen Xitong's problems and the decision of the Central Commission for Discipline Inspection on expelling Wang Baosen from the party. Wei Jianxing addressed the meeting. He said: The exposure of the crimes committed by Wang Baosen and the correct and resolute handling of the case in a short period of time fully demonstrate the determination of the party Central Committee to fight corruption, and are the outcome of the deepening of the anticorruption struggle. They also show that under the leadership of the party Central Committee, with Comrade Jiang Zemin as the core, our party is wholly capable of eliminating corrupt elements within its ranks, and that our socialist system has the mechanism to eradicate corrupt phenomena in its body.

Wei Jianxing pointed out: The crimes committed by Wang Baosen are both shocking and alarming. It is the most serious case investigated and handled since the founding of the PRC. Facts show that the Wang Baosen case involves only a handful of people; and that generally speaking, the leading bodies of Beijing Municipality at various levels — from the municipality to districts, counties, and bureaus — are good, and the vast number of party members and cadres are good and trustworthy. However, the Wang Baosen case has exposed some problems in the areas of our ideology, work style, and work, and those problems indeed merit our serious efforts to sum up experience and draw lessons therefrom. The leaders of the municipal party committee and municipal government should consider the needs of strengthening the party and government organizations and put forward concrete demands and measures for improving the structure, mechanism, and system of a clean and honest government.

Wei Jianxing emphasized: Leading cadres at all levels should take a warning from Wang Baosen's degeneration, conscientiously guard against the effect of all kinds of decadent thinking and culture in society, maintain the party's tradition of hard struggle, keep firmly in mind the party's aim of serving the people wholeheartedly, make efforts to foster a correct outlook on the world and on life, and constantly enhance the ability to resist corruption and prevent degeneration. At present, leading cadres at all levels must strictly implement the central authorities' instructions on honesty and self-discipline, and make major efforts to resolve the problem of using public funds for wining and dining, and for pleasure-seeking.

Wei Jianxing said: Beijing is the capital of our country. If we want to ensure stability in our country as a whole, we must first ensure stability in Beijing Municipality. At present, the situation in Beijing is stable and good. We must treasure and promote such a situation. The party organizations at all levels and the vast number of party members and cadres should enhance their awareness and sense of responsibility for maintaining stability, truly attach importance to stability, put the work of maintaining stability at a prominent position, and do it well.

Prospects for Poor Area in Shanxi Viewed

OW1707151895 Beijing XINHUA in English
1447 GMT 17 Jul 95

[FBIS Transcribed Text] Taiyuan, July 17 (XINHUA) — More than three million people live on this piece of earth, which some foreigners who have visited believe is not fit for human beings.

There is one sq km of land for every 148 residents in the Luliang Mountainous Area, a place widely known for its poverty-stricken conditions in north China's Shanxi Province.

An asphalt road stretches from Taiyuan, the provincial capital, to Lishi, where the administrative offices of Luliang Prefecture are located. The road, winding its way through sparse forests, snakes up the mountains, where corn and beans grow here and there.

From Lishi deep into the mountains, the road becomes bumpy and rough, the green fades away, and signs of soil erosion can be seen on the ravines.

In the meandering gullies, trees are few, and water is even rarer. No crops, or even grass, can be seen on the terraced slopes, since this season the area has been hit by its heaviest drought in 20 years.

Local officials say that severe soil erosion, and bad farming conditions have resulted in poverty in the

prefecture. Grain output during the dry period only amounts to 60 per cent of that from years with more rain.

The prefecture is one of the 18 poorest areas in China. In Shanxi Province, Luliang is densely populated by poor people and is faced with serious poverty. Of its one city and 12 counties, nine are listed by the central or provincial government as poor places in need of major support.

A decade ago, nearly half the rural population of 1.03 million in the area lived below the poverty line, according to local officials, and now the number has dropped to 690,000, but 50,000 "extremely poor people" have still not solved the problem of how to feed themselves, and 180,000 residents in 408 villages have difficulties in obtaining drinking water.

Hu Fuguo, secretary of the Shanxi Provincial Party Committee, warned local officials that a numeric increase in the per capita income is likely to conceal the real difficulty faced by the group of "extremely poor."

Mountain dwellers say that they can "eat their fill" now, which means that per capita grain amounts to 250 kg a year, plus 50 kg grain for seeds and fodder.

Yao Xinzheng, secretary of the prefectural party committee, says that local farmers still have a low standard of living, even though poverty has been considerably eased over the past ten years. What has not fundamentally changed in the prefecture is that good harvests depend on a good climate and when droughts hit the area, even better-off farmers can fall back down below the poverty line.

He said that the essential way to help more farmers get out of poverty is to improve living and farming conditions, increase grain output and find more income sources. Toward this end, every 15 local farmers need two ha of basic farmland, able to yield 3,750 kg per ha under normal conditions, and two ha of orchards.

While trying to improve farming conditions, local governments are going all out to improve the area by building highways, supplying electric power, and installing telephones. The poor prefecture has abundant resources, in the form of coal, for example, whose proven deposits stand at 100 billion tons, about one-third of it high-quality coking coal. Good infrastructure is the key to exploring for hidden treasure.

At present, highways have been extended to 236 towns in the prefecture, where the grass roots governmental bodies are based. Of 400-some villages, motor vehicles are able to reach 125, but it still takes a skillful driver with a bit of daring to get to them.

Slogans up on the sides of buildings along the road, such as "protect the highways," catch the traveller's eye, pointing to the difficulty, in mountainous areas, of building highways, which play an important role in advancing local economic development.

In economically developed coastal towns in southeast China, the former political slogans have in many instances been replaced by advertisements, but here in Luliang, advertisements are still a rare sight.

Here, slogans advocating education are the most common. Yao said that education is on an equal level with building highways, because the lower educational level of the local farmers is one of the causes of poverty.

The outmoded means of production and the poor level of education have lead to narrow-minded ideas, which are deeply rooted in farmers' lives, making it all the more difficult to break out of the cycle of poverty.

The best buildings in mountain villages are the primary schools. Except for the handicapped, all school-age children go to school. They look healthy and their clothes are clean, though not quite as showy as those worn by city kids.

Still, only 72 percent of the children attend middle school, and there is still a long way to go before reaching the state's goal of nine years of compulsory education.

Over the past ten years, the central and provincial government have provided 470 million yuan (55.3 million US dollars) in investment and in the form of low-interest loans.

The Chinese Government last year decided to eradicate poverty by the end of the century, and the heads of two of the counties in the area, Linxian and Xingxian, where the poor are densely situated, are confident of realizing that aim. They say that poor areas need government support, that large construction projects need state investment, but that ultimately it is up to local people to shake off poverty.

Inner Mongolia Discovers Fertilizer Overpricing

SK1807053595 Hohhot NEIMENGGU RIBAO
in Chinese 3 Jul 95 p 1

[FBIS Translated Text] The regionwide inspection on the prices of the means of agricultural production, which had lasted for over two months, concluded recently, with over 4 million yuan of illicit funds discovered. A total of 2.3 million yuan has been returned to peasants, and 1.7 million yuan confiscated and turned over to the finance department.

The inspection was conducted by 240 inspection groups composed of over 500 people, and 768 production and

business units were inspected. The results of the inspection showed that most of the units engaged in the production and supply and marketing of the means of agricultural production in the region had by and large abided by the state's pricing policies during production, operation, allocation, and marketing. Supplies of chemical fertilizer, plastic sheets, and other means of agricultural production were sufficient, prices were basically stable, and total supply and total demand exceeded that of previous years. The overwhelming majority of peasants were fairly satisfied with the distribution, supplies, and marketing prices. In some localities and departments, however, random and disguised price hikes in the means of agricultural production remained very serious. This was mainly due to the chaos in the business order. In some localities, multi-channel management by individuals, collectives, and the state jacked up the prices again and again, and peasants have many complaints about this.

Some problems in the prices of chemical fertilizer were discovered during the inspection. When fixing the prices of chemical fertilizer, some departments in the business of the means of agricultural production included the added value tax, thus increasing the cost. Others cheated in reporting the purchasing prices in order to raise the marketing prices. Some third-level station made price reports only on the high-priced chemical fertilizer in an effort to raise the prices of the chemical fertilizer whose purchasing prices were low. Some third-level stations in Linhe City and Urad Front Banner reported the price of the ammonium nitrate from Wula Shan to be sold outside the plan as 950 yuan per tonne, but they also applied the same selling price to the ammonium nitrate to be sold according to the mandatory plan at the price of 840 yuan per tonne. Some sold ammonium nitrate, which should be sold at the government price, at negotiated prices. A unit in Liangcheng sold its right to the distribution of 110 tonnes of urea granted by the autonomous regional agriculture commission at a price of 10,000 yuan in the name of commission. When distributing the imported chemical fertilizer, foreign trade departments violated relevant state regulations to sell urea at a price of 1,150 or 1,120 yuan per tonne instead of the stipulated price of 950 yuan, and to sell ammonium nitrate at a price ranging from 675 to 730 yuan, instead of 650 yuan per tonne. Their illicit income exceeded 200,000 yuan. Other problems also existed. For instance, no receipts were issued for the extra fees charged; the off-season price for ammonium carbonate was not adhered to; and the producer price for the ammonium carbonate to be distributed according to the mandatory plan was not adhered to.

Northeast Region

Heilongjiang Governor on Township Industries

SK1807064895 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 17 Jul 95

[FBIS Translated Text] At the provincial township enterprise work conference today, Governor Tian Fengshan pointed out the need to emphasize the development of township industries when developing township enterprises and to expedite the establishment of a development pattern in which industry takes the lead.

Tian Fengshan said: Heilongjiang's township enterprises have maintained a fairly high development rate over the past two years. In the first half of this year, they created 60 percent more output value than in the same period last year. This showed that Heilongjiang's township enterprises had begun to enter a new development level. However, there are still many problems in development of the township enterprises. Conspicuous ones are the low proportion of industry, the low standing of products, the low application rate of science and technology, the environment which is not relaxed enough for township enterprise development, and the lacking of a new pattern of multi-channel input.

Tian Fengshan pointed out: Proceeding from its reality, Heilongjiang should emphasize the development of township industries when developing township enterprises and expedite the establishment of a development pattern in which industry takes the lead. Township enterprises may use their own funds to develop any new project independently as long as it conforms to the direction, principles, and conditions of the structural adjustment. They may also develop the projects in support of large and medium-sized enterprises. When formulating the specific plan for the structural adjustment, the provincial economic commission must take township enterprises into consideration and support them to build a number of key projects that have a high technological level and good efficiency in the machinery, electronic, chemical, foodstuff, and medical industries.

Tian Fengshan emphasized: Heilongjiang's township enterprises should play an important role in industrializing the rural economy. Proceeding from market demand and focusing on the regional leading industries, all localities in the province should expedite the establishment of a number of leading township enterprises that are engaged mainly in the intensive processing of farm and sideline products, that start from a high level, that are large-scale, and that play a greater radiating and promoting role. Using the mechanism of the market economy, we should link the leading enterprises, the production bases, and the peasant households together.

to form a community of interest. We should make active efforts to establish township enterprise groups or group companies focusing on leading township enterprises so that the industrialization of rural areas can be upgraded.

Speaking on the expedited scientific and technological advance of township enterprises, Tian Fengshan said: Under the market economy system, resources are always developed and utilized by advanced technology. Heilongjiang's township enterprises cannot achieve great development if they rely merely on their advantages in resources and pay no attention to establishing an advantage in science and technology.

In view of this, Tian Fengshan urged: All localities and relevant departments should do a good job in drawing up and implementing the policies on the scientific and technological advance of township enterprises. They should expedite township enterprises' application of scientific and technological achievements, and help township enterprises build favorable conditions to attract scientific and technical personnel and college graduates to come to develop their talent.

Tian Fengshan emphasized: Taking economic efficiency as the focus and enterprises as the mainstay of cooperation, all localities should increase efforts in establishing ties with the south, actively carry out cooperation with advanced areas, develop foreign economic relations, foreign trade, foreign investment, and border trade simultaneously with the emphasis on promoting investment, and strive to improve township enterprises' ability to earn foreign exchange through exports.

Tian Fengshan also urged: All localities and relevant departments should break with the investment pattern established under the planned economy system, regard township enterprises as important economic growth points, and support them with funds from various fields. All localities should establish a system under which their top party and government leaders are responsible for township enterprise development, and they should also establish a high-quality contingent of entrepreneurs of township enterprises.

Vice Governor Sun Kuiwen chaired today's conference. Attending were Ma Guoliang, deputy secretary of the provincial party committee and vice governor, and Suo Changyou, standing committee member of the provincial party committee.

Northwest Region

Abdulahat Abdurixit Discusses Xinjiang Economy

OW1707144395 Urumqi XINJIANG RIBAO
in Chinese 18 Jun 95 p 1

[Report by Huang Huiqin (7806 1979 3830) in Urumqi: "Clarify Current Situation, Enhance Confidence, and Make New Outstanding Achievements"]

[FBIS Translated Text] Autonomous Regional Government Chairman Abdulahat Abdurixit delivered a report on Xinjiang's 1995 economic situation at the autonomous region's 1995 fourth book-reading class for departmental- and bureau-level cadres on 16 June. In the report, he put forward some tentative plans and set some demands for work in the days to come.

Abdulahat Abdurixit pointed out in his report: The trend of economic development in this region has been good in the first half of the year. The total output of this year's summer grain crops is expected to increase by a big margin as compared with last year. Industrial growth has evidently become faster. Commodity price increases are slowing down. More revenues have been collected, the financial situation remains healthy, and there has been a big increase in import-export trade volume. The overall economic situation in this region is somewhat better than last year; and basically speaking, it is developing in a healthy, stable, and coordinated manner. However, there still exist some economic problems which we must constantly study and attempt to solve.

Abdulahat Abdurixit emphasized: We must pay more attention to agriculture and animal husbandry, which are the foundation of our economy, and we must step up infrastructural construction. This region is a relatively independent economic zone which can rely on itself only in development. In this region, 45 percent of industrial enterprises are relying on agriculture and animal husbandry to provide raw materials; 80 percent of the population is residing in rural areas and 1 million people still lack adequate food and clothing; the rural working people cannot find jobs elsewhere due to the region's low degree of urbanization; and the local natural conditions are suitable for the development of agriculture and animal husbandry. For this reason, we must first strive to develop agriculture in order to bring development and prosperity to the vast rural and pastoral areas.

Abdulahat Abdurixit pointed out: The backward industrial infrastructure in this region, particularly the backward post, telecommunications, and transport networks, is inevitably obstructing regional economic development. For this reason, we must accelerate the infrastructural construction, readjust the product mix, and take

full advantage of our resources. We should speed up the development of light industry, emphasize the textile industry, and build cotton textile bases. At the same time, we should increase investment and efforts in the technological transformation of enterprises, improve the quality of their managers, and enhance their vitality and economic efficiency.

In conclusion, Abdulahat Abdurixit pointed out: Xinjiang's economy is having some difficulties this year, but it also has many favorable conditions. Paying great attention to the economic disparity between eastern and western regions, the state is readjusting the industrial structure, reducing the total area of the nation's cotton crops, and moving the cotton-producing bases westward. The state is also planning to turn Xinjiang into the nation's cotton and grain production base, make great efforts to recover petroleum, and develop new petrochemical products. We should take this opportunity to transform large cotton-growing regions, introduce new equipment, build new cotton-producing regions, and strive to develop the cotton textile industry. We should readjust the product mix, engage in intensive processing of petroleum, cotton, woolen textiles, and food products, and turn our abundant natural resources into our economic strength.

For this reason, while taking into account the present grim economic situation, we should also see the hope of economic development, enhance our confidence, and

make concerted efforts to make progress in economic development in this autonomous region.

Chinese, Japanese Youths To Camp in Qinghai

OW1607140195 Beijing XINHUA in English
1319 GMT 16 Jul 95

[FBIS Transcribed Text] Xining, July 16 (XINHUA) — A team of 130 Chinese and Japanese youngsters will set up a summer camp on the shore of the Qinghai Lake, the largest saltwater lake in China, on July 31.

Composed of 70 Chinese and 60 Japanese students, the summer camp is sponsored by the Beijing Fenghuo (Beacon-Fire) Cultural Communications Company.

Ten middle school students of minority ethnic groups from Qinghai will also be invited to take part in the event.

During the week-long camp, the young people will climb a 4,000-meter-high mountain, and take a dirigible balloon to have a bird's-eye view of the Qinghai-Tibetan Plateau.

Also, the students will spend a day living with herdsmen to learn about the Tibetan life-style.

The Sino-Japanese youths' summer camp has been held for seven times since it was initiated in 1989.

Article Views Li Teng-hui's Money Diplomacy

HK1807064495 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 12 Jul 95 p 5

[By Di Xiangqian (5049 6272 0051): "Money Diplomacy Goes Against Popular Will in Taiwan"]

[FBIS Translated Text] After squandering millions of U.S. dollars for his U.S. visit, Li Denghui [Li Teng-hui], blinded by his lust for gain, prompted others to trot out a plan to buy a seat in the United Nations for \$1 billion in a vain attempt to create "two Chinas" or "one China, one Taiwan." Such a brazen act of pursuing "money diplomacy," rarely seen in history, has made people stare tongue-tied. Even some "officials" on the island have expressed resentment at this move. Some "legislators" and the Taiwan media have pointed out that this ridiculous "diplomacy" is indeed not of benefit to the people in Taiwan.

There can be no doubt that Taiwan is part of the PRC, and that only sovereign states are qualified to join the United Nations. The UN secretary general has made it clear, and so have most countries in the world. Many people in Taiwan also understand this point. So why did Li Denghui choose to "challenge the impossible?" Because he believes that "money talks", and that "by spending huge sums of money, everything is possible."

Indeed, Li Denghui has used a considerable number of greenbacks to maintain some small countries having "diplomatic relations" with Taiwan, and has spent a large sum of money in exchange for some countries' inviting him for a visit; even some impressive-looking U.S. congressmen and a university chancellor had received "benefits" that made it possible for Li Denghui to visit Cornell University. Swell-headed and emboldened by this, Li Denghui even wants to buy off the United Nations!

The shift from \$10 million to \$1 billion is no small amount. It reflects the wealth and generosity of the Taiwan authorities, but whose money are they spending? Is it Li Denghui's private savings? Of course not. It is the money earned by the toil of the Taiwan people over decades! Does Taiwan have too much money to spend? That is not true, either. Lin Chen-kuo, who is in charge of Taiwan's finance, was totally ignorant of such a big deal in advance. He furiously asked reporters in reply: "Where does the money come from?" Earlier, Taiwan had discussed a total budget for next year. With a rise in financial deficit rarely seen in recent years, it needs to cut 20.2 billion new Taiwan dollars in expenditure. This shows that, in fact, Taiwan does not have too much money. Owing to traffic congestion, Taiwan long ago planned to build express railways. Yet, owing to the lack

of money, the curtailment of budget on many occasions has prevented the project from being completed. In disregard of the needs of the people's livelihood and the needs of economic development, Li Denghui is pumping wads of banknotes into his "private" diplomacy and "re-entry into the United Nations."

In his Cornell University speech, Li Denghui triumphantly marketed his "political democratization." People not only remember the fist fights at the meeting of Taiwan's "Legislative Yuan," but also candidates at various elections who cannot do without buying votes in public. According to the Taiwan newspapers, of the more than 800 "assemblymen" in Taiwan, over 300 people have been prosecuted for practicing bribery at the elections. Perhaps Li Denghui took vote-buying as a matter of course for "political democratization." That is why it is very natural for him to apply the "Taiwan experience" to the international arena, without finding it disgraceful and ignominious. This can only illustrate that Li Denghui has neither earned moral support nor made many true friends. Being at the end of his rope, he cannot but resort to money.

It is absolutely impossible for the Taiwan authorities to buy "sovereign state" status or to return to the United Nations. They have cast enormous sums of money as bait for days, yet it has attracted nothing but condemnation and ridicule. No one seems to be bold enough to openly express acceptance of such a "magnificent" act of generosity.

The Taiwan authorities have done their utmost to show the existence in the international community of the "Republic of China in Taiwan." They repeatedly publicize that it has been "strangled and attacked," and that it has not been given room for international activities. This kind of space for international activities certainly cannot be given because no matter how they quibble and conceal, the two reciprocal political entities are tantamount to creating "two Chinas," or "one China, one Taiwan." In light of the fundamental interests of the country and nation, this should never be allowed to happen, nor will it be recognized by the United Nations or the international community. The broad masses of the Taiwan people do not want to see the division of the motherland. Instead, they hope to take the path of a reunified, prosperous, strong, and powerful country at an early date. In the vast space for international activities in the economic area, the Taiwan people are free to engage in business, and to develop trade and economic ties with foreign countries.

The Taiwan people's greatest aspiration is to live and work in peace and contentment. Many people of insight have pointed out that safeguarding and developing

cross-strait relations, which have a bearing on the greatest interests of the Taiwan people, should be above "international relations." Li Denghui is misleading the Taiwan people, saying that his分裂ist activities will not "affect cross-strait relations." The fact is, however, that by recently intensifying his activities to create "two Chinas," or "one China, one Taiwan," Li Denghui has worsened the atmosphere of cross-strait ties, and has damaged the basis for cross-strait relations. The Wang-Gu [Ku] and Tang-Jiao [Chiao] meetings also have been forced to be postponed as a result. In recent years, cross-strait relations originally had been easing. All of a sudden, Li Denghui's "money diplomacy" has

turned the calm lake into roaring waves, with signs of danger appearing everywhere. Such a dramatic change is entirely not what the broad masses of the people want to see. It is regrettable that up to now, Li Denghui has no intention of restraining himself, and is likely to continue down this dangerous path. Then, with the arrogance of "Taiwan independence" reaching a peak, cross-strait relations are bound to be tense and hostile. In this case, will the years of efforts by people on both sides to ease relations not go down the drain? This is absolutely not of benefit to the Chinese people. Can we afford not to be cautious!?

Winston Lord's Remark Inconsistent With Facts

*OW1807104995 Taipei CHUNG-KUO SHIH-PAO
in Chinese 14 Jul 95 p 2*

[FBIS Translated Text] Taipei, July 14 — Minister of Foreign Affairs Chien Fu refuted yesterday a remark by U.S. Assistant Secretary of State Lord that "Taiwan, due to its adherence to a 'one China' policy, does not want to forge official ties with the U.S." Chien said that ever since the U.S. severed its relations with [the Republic of] China [ROC], developing official bilateral relations has been a basic principle of the first importance in our country's handling of Sino-U.S. relations. Therefore, Lord's remark "is entirely inconsistent with the facts."

Lord made the remark in comments on the Wu Hongda [Harry Wu] incident at a U.S. news conference. Chien Fu said the fact that a senior official of another nation defends its policies in its national interest is understandable; however, his remarks must be based on facts. Apparently, Lord's remark is inconsistent with the facts.

Chien Fu said: After Sino-U.S. relations were severed on 27 December 1978, the U.S. dispatched Special Envoy Warren Christopher to Taiwan to discuss the matter. Since developing official bilateral relations is the first of the "Five Guidelines for Handling Future Sino-U.S. Relations" issued by the late President Chiang Ching-kuo, Chien Fu asked: "Today, how could Lord say that the ROC does not want to forge official ties with the U.S.?"

Chien Fu also pointed out: The Ministry of Foreign Affairs [MOFA] instructed our representative office in the U.S. last month to clarify our country's stance: that is, the United States' so-called "one China" policy should mean that "all Chinese on either side of the Taiwan Strait maintain that there is but one China and that Taiwan is a part of China," as stated in the 1972 "Shanghai Joint Communiqué." However, the U.S. has deviated from this "one China policy," which it has supported for the past 20-odd years.

He added that since terminating the period of national mobilization to suppress the Communist rebellion in 1991, the ROC no longer regards the Chinese Communists as a rebellious group and maintains that its jurisdiction only reaches Taiwan, Penghu, Kinmen, and Matsu. This is a practical approach. He called on the United States, a world power, to recognize this fact.

Reportage Covers Taiwan-Mainland Boat Incident

Trawler Harassed by Police

*OW1807043395 Taipei CNA in English
0147 GMT 18 Jul 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Kaohsiung, July 17 (CNA) — A Taiwan fishing vessel was intercepted by a mainland police boat in the South China Sea on Monday, making it the fifth Taiwan boat harassed by the mainland marine police in that area since July 11.

The Kaohsiung Fishermen's Association received an urgent message from the Kaohsiung-based "Feng Fu Yu" at noon saying it was forced to halt at gun point by six mainland policy boats while it was sailing near the Pratas islands.

The fishing boat was released 10 minutes later with no damage or injuries to crew members reported.

Three Taiwan fishing boats, all based in Kaohsiung, were separately intercepted and inspected by mainland police boats last Wednesday while they were sailing through the Spratly islands area on their way home from Singapore.

Another Taiwan fishing boat also reported being harassed by a mainland security vessel on Saturday near the Spratlys, which is either wholly or in part claimed by Taiwan, Mainland China, Vietnam, the Philippines, Malaysia and Brunei.

More on Incident

*OW1707115395 Taipei CNA in English
0918 GMT 17 Jul 95*

[By Debbie Kuo]

[FBIS Transcribed Text] Kaohsiung, July 17 (CNA) — An armed Mainland Chinese security ship reportedly intercepted a Kaohsiung-based fishing boat operating in Taiwan waters near the Pratas Islands Saturday [15 July].

Local media reported Monday that the "Chin Man Hsing No. 6" was stopped on Saturday afternoon by a mainland security ship in a fishing ground located near Tungsha Island.

Mainland marine police ordered the fishing boat crew to withdraw their fishing nets and the ship did not leave until all fishing operations stopped, according to the reports.

The interception, if confirmed, will be the second such incident in the past week. Last Wednesday three Taiwan fishing vessels were separately intercepted and inspected by armed mainland Chinese ships.

The three Taiwan vessels, also from Kaohsiung, southern Taiwan, were sailing through the Spratly Islands area on their way home from Singapore.

Although no damage or injuries were reported, sources from the Kaohsiung Fishermen's Association said the mainland ships infringed on the rights of Taiwan fishing boats as the vessels were harassed on the open sea or in Taiwan waters.

SEF Sends Letter in Reference to Shooting

OW1707142095 Taipei CHUNG-KUO SHIH-PAO
in Chinese 13 Jul 95 p 4

[FBIS Translated Text] In its letter to the Strait Exchange Foundation [SEF] recently, the Association for Relations Across the Taiwan Straits [ARATS] accused our troops stationed on an offshore island of killing a fisherman when shelling a mainland fishing boat. Yesterday, the SEF replied to the ARATS that there was no such incident and that it wants the ARATS to offer further, concrete information related to this incident, so that it can recheck with responsible organs.

The SEF pointed out: According to our responsible organs, our troops stationed in Tungting did not take measures to drive away intruding boats in nearby waters on 10 June, as claimed in the ARATS's letter, and nobody from the mainland asked for permission to pull in to shore for help on that day.

The SEF also pointed out: To safeguard security in the Taiwan area, we have marked off our territorial waters as restricted and prohibited zones. According to law, we can take measures to drive away intruding personnel or boats. Mainland boats have repeatedly violated regulations to fish or use explosives to catch fish in our waters. The foundation has wrote to the ARATS several times, asking it to face up to the problem. However, no improvements have been forthcoming.

Mainland Urged To Lessen Hostility

OW1807053695 Taipei CNA in English
0201 GMT 18 Jul 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, July 17 (CNA) — A high-ranking mainland affairs official said on Monday that Taiwan is always available for negotiations with Mainland China, but emphasized that China can in no way be reunited under communist rule.

"The door (for talks) is forever open," Hsiao Wan-chang, chairman of the Mainland Affairs Council (MAC), said in a report he gave at the opening day of the weeklong national development seminar.

Hsiao said the ROC government has been trying to facilitate understanding between Taiwan and the mainland and to improve mutual trust and lessen hostility between the two sides. The goodwill gestures have not yet been responded to in a favorable way, however, Hsiao said.

"Treating each other on an equal basis is the sole key to the improvement of ties," Hsiao said.

He said the government's unwavering policy is to push for a unified China, but added that it would not drop its efforts to get more elbow room in the international community.

Beijing in mid-June unilaterally postponed the private high-level and technical talks with Taipei in response to the U.S. trip by president Li Teng-hui and the European trip by Premier Lien Chan. Beijing viewed the visits as part of Taiwan's drive for independence, an accusation that has been categorically denied by the ROC Government.

The XINHUA NEWS AGENCY, the mouthpiece of the Chinese Communist Party, carried an article on Sunday demanding that China be unified under the People's Republic of China.

"That interpretation will never be accepted," Hsiao said when asked to comment on the article. He added that although both sides agree that China can be unified eventually, Taiwan's idea of "one China" is the one existing under the name of the Republic of China.

Hsiao asserted that the article runs counter to the agreement reached by the two sides in Hong Kong in 1992 during a preparatory meeting to their first private high-level talks in April 1993.

Noting the difference between each side's "one-China" policy, both sides agreed then not to impose each other's definition of the term on the other, Hsiao said.

He stressed that promoting pragmatic diplomacy is a must for the ROC's existence, and urged Beijing to face the fact that China is split and ruled by two separate governments. "Stop imposing your wishful thinking on us," Hsiao said.

As to the proposal that Mainland China and Taiwan come together as a federation, Hsiao said the time is not yet ripe to discuss the issue. According to Taiwan's national unification guidelines, the issue cannot be discussed until ties between the two sides move into the third and the final stage. He said the ties are still in the first stage.

Taiwan To Seek Military Exchanges With Mainland

HK1807070995 *Hong Kong EASTERN EXPRESS*
in English 18 Jul 95 p 8

[By Bruce Gilley]

[FBIS Transcribed Text] Taipei is likely to seek direct military exchanges with Beijing for the first time since 1949 after a near-crisis erupted earlier this month over purported war games by China, top Taiwan defence analysts said.

The request by Taipei for "confidence-building measures" between the two armies could come as early as next year, after the island's first direct presidential election, they said.

"The crisis had a direct impact on both governments," Andrew Yang, the secretary general of the government sponsored Chinese Council of Advanced Policy Studies (Caps) in Taipei, said. "It sent a direct message to Beijing about the incompetence of Taiwan leaders in a crisis situation. That is a worrying factor which both sides want to eliminate," he said.

Taiwan President Lee Tenghui will be in a strong position domestically to propose military ties if, as expected, he runs in and wins the island's first direct presidential election, due next March, Yang added.

"For Taiwan, military exchanges with Beijing would help to calm popular fears about the mainland military," he said. "For Beijing, it would fit in with [the Communist Party General Secretary] Jiang Zemin's call to end the state of hostilities across the straits," he said. On July 2, Taipei warned that a "large scale" manoeuvre by the People's Liberation Army (PLA) was under way in the Taiwan strait, intended as "political and psychological warfare" against the island.

Coming at a time when cross-strait relations were already strained, and with superstitious predictions of an imminent invasion by China swirling more than usual, the statements sent the local stockmarket plummeting

and families scrambling for their cellars. Over the next three days, both governments moved quickly to defuse the crisis, which threatened to strike at Taiwan investor confidence, especially in mainland projects.

The ruling Kuomintang's (KMT) official Central News Agency (CNA) retracted its original story, which it said was based on misleading information. Beijing, for its part, took the unusual step of divulging details of three PLA exercises which had been carried out along the south coast during the month. The purported war game, it turned out, was probably an alarmist concoction based on a submarine drill near Shanghai and antinuclear warfare training by a logistics unit in Fujian province.

"CNA went ahead as usual and issued a report about a 'massive' exercise, just like it does every year," Arthur Ding, a defence specialist at the National Chengchi University in Taipei, said. "But this time, the usual attempts by the KMT to mobilise support through such means went wrong," he noted. The fact that Taiwan people barely flinched over similar reports last year reflected the recent chill in straits relations, he noted.

Ding said confidence-building measures between the two armies would become increasingly important in future due to the growing sophistication of routine PLA exercises. "Obviously many complex exercises will have implications for Taiwan, but they will not be directly aimed at Taiwan," he added.

A state of war has existed between the two governments since the KMT was chased off the mainland at the end of the Chinese civil war in 1949. While both sides have set up contact groups to handle sensitive political matters, the military sphere remains out of bounds.

Director Urges Monitoring of Mainland Calls

OW1707141695 *Taipei TZU-LI WAN-PAO* in Chinese
11 Jul 95 p 2

[FBIS Translated Text] At a time when the cross-strait relations have become strained, National Security Bureau [NSB] Director Yin Tsung-wen pointed out: Exchanges across the straits are on the increase. On average, there are tens of thousands of telephone calls between the two sides daily. Under these circumstances, the NSB needs to supervise communications to collect intelligence, so as to safeguard national security. In addition, the nation's top security organization leader should be able to approve the issuing of a document to supervise communications.

NSB Director Yin Tsung-wen made the remarks at a party-government coordination meeting with Kuomintang [KMT] legislators this morning.

In his report, Yin Tsung-wen pointed out: Exchanges between the two sides are on the rise and cross-strait relations are closer now. On average, there are tens of thousands of telephone calls between the two sides daily. This relates to our national security, and monitoring telephone calls between the two sides will be a major task in supervising communications. The Ministry of Justice [MOJ] has revised the Communications Supervision Law's seventh article. The revised article not only can protect the Taiwan people's interests and rights, but is conducive to collecting intelligence regarding foreign forces or antagonistic forces outside Taiwan. Yin emphasized that supervision of communications is universal in any advanced nation.

The MOJ advocates supervising communications by such means as intercepting, monitoring, video or sound recording, picture-taking, unpacking, inspecting, and photocopying. Communications within or outside Taiwan, or between Taiwan and foreign countries, by foreign forces and antagonistic forces outside Taiwan and their staff will be monitored. Before supervising communications, it is necessary to secure an approval document from the chief procurator or a procuratorial organ authorized by the chief procurator. However, urgent cases are not subject to this rule.

At present, legislators of the ruling and opposition parties have agreed to discuss the Communications Supervision Law on 12 and 13 July. Legislative Work Committee Chairman Liao Fu-pen expressed the KMT's stance, hoping that the law will be passed after being reviewed on 12 and 13 July.

This morning, the KMT Legislative Party-Government Coordination Work Committee held a party-government coordination meeting to discuss major laws and bills, such as the Communications Supervision Law, bills related to promoting an Asia-Pacific operational hub, and the draft President and Vice President Election and Recall Law. Attending the meeting were Vice Premier Hsu Li-te, Interior Minister Huang Kun-hui, NSB Director Yin Tsung-wen, Central Policy Committee Executive Chairman Jao Ying-chi, Legislative Work Committee Chairman Liao Fu-pen, Legislative Work Committee Chief Secretary Chen Chieh-ju, and KMT legislators.

Fifth Missile Frigate Christened, Launched

*OW1807074595 Taipei CHUNG-KUO SHIH-PAO
in Chinese 14 Jul 95 p 4*

[FBIS Translated Text] Taipei, July 14 — The Navy's fifth second-generation Perry class missile frigate, Tzu Yi, was christened and launched at the Kaohsiung Shipyard of the China Shipbuilding Corp. [CSBC] yesterday morning. The ship is expected to be completed

and delivered to the Navy in early January next year. However, changes in an advanced weapon system and a reduced defense budget may cause the production of the eighth frigate, Tien Tan, to be suspended.

According to the Navy's "Kuanghua No. 1" warship modernization plan, the Navy plans to build eight Perry class missile frigates to replace old warships. The first three of the eight frigates, dubbed Cheng Kung, Cheng Ho, and Chi Kuang, have been commissioned.

The fourth one, christened Yueh Fei, is expected to be delivered to the Navy in February next year, since 89.44 percent of the shipbuilding project has been accomplished. Construction of the fifth frigate, Tzu Yi, which was christened and launched yesterday, is expected to be completed on 7 January 1997, as 69.63 percent of this project has been fulfilled.

As for the sixth frigate, Pan Chao, 24.59 percent of the project has been accomplished; and construction of the seventh frigate, Chang Chien, just began on 7 July.

It is widely rumored that the construction of the eighth frigate, Tien Tan, will be suspended. In fact, the Navy has asked CSBC to procure 30 major items of equipment, worth over NT[new Taiwan]\$800 million, for the frigate. According to those involved in the shipbuilding project, procurement for the frigate has been halted since the beginning of this year. There are indications that construction of the eighth frigate may be stopped. However, CSBC has not yet received instructions from the military.

Speaking in private with legislators present at the launching ceremony, Navy Commander-in-Chief Ku Chung-lien disclosed that the Navy will stop building the eighth frigate because of cuts in the defense budget. Nevertheless, the Navy may consider alternate plans that call for leasing foreign naval ships, such as the U.S. frigate Knox, or building a less expensive frigate.

Building a Perry class missile frigate, excluding weapons and logistics, will cost NT\$5 billion.

Economic Conference With Philippines Opens

*OW1707112095 Taipei CNA in English
0941 GMT 17 Jul 95*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, July 17 (CNA) — ROC [Republic of China] Economic Affairs Minister P. K. Chiang Monday urged the Philippines to further ease restrictions on foreign investment in order to attract more Taiwan entrepreneurs to set up production facilities in the Pacific island nation.

Speaking at the opening session of the fourth ROC-Philippines ministerial-level economic cooperation conference, Chiang said the Republic of China has attached great importance to its economic ties with the Philippines.

Noting that the Philippines is one of the most important targets of Taiwan's "southern strategy," Chiang said the ROC Government has encouraged its manufacturers to invest more in the Philippines.

Many Taiwan businessmen with interests in the Philippines, however, have complained that the Philippine Government's ban on foreign ownership of land has made it difficult for them to obtain financing in the Philippines, Chiang said.

"Without real estate as collateral, Taiwan companies cannot obtain loans from Philippine financial institutions to finance their normal business operations or expansion there," Chiang explained.

Moreover, Chiang also urged the Philippines to improve its pre-shipment product inspection system to facilitate export procedures for Taiwan-owned companies in the Philippines.

Chiang promised that construction on a Taiwan-invested industrial park in Subic Bay will be accelerated. First-phase construction is already complete and several Taiwan firms have begun production there. The second phase of construction will start in the near future.

The Philippines will host next year's Asia-Pacific Economic Cooperation (APEC) leadership meeting. The Philippine Government has selected Subic Bay as the site for the APEC summit.

Chiang said Taiwan hopes to sign temporary-admission-of-goods and double-taxation-avoidance agreements with the Philippines to better protect the interests of Taiwan investors there.

The 42-member Philippine delegation to the one-day official meeting was headed by Industry and Commerce Minister Rizalino Navarro.

The two sides will discuss ways to promote trade, investment, and tourist exchanges as well as agricultural and technological cooperation during the meeting.

President Sees Increasing Philippine Investment

OW1807042395 Taipei CNA in English
0143 GMT 18 Jul 95

[By Bear Lee]

[FBIS Transcribed Text] Taipei, July 17 (CNA) — President Li Teng-hui on Monday said that the ROC Government will encourage local enterprises to make

more investments in the Philippines so as to assist with that country's economic development.

Li made the remarks while meeting with Rizalino Navarro, Philippine industry and commerce minister and his delegation at the presidential office.

He said that his meeting with Philippine President Fidel V. Ramos early last year has been conducive to increasing mutual-understanding between the two countries. Li met with Ramos briefly in Manila during his south Asia trip which also took him to Indonesia and Thailand.

Li said that with a more close frequent economic and trade exchanges between the two sides, Taiwan's investments in the Philippines will go further to beyond the last-year amount of US\$280 million.

Navarro, who is here for the fourth ROC-Philippine ministerial-level economic cooperation conference, thanked the ROC Government for the economic and technological assistance's it has extended to the Philippines. The one-day meeting concluded in the afternoon.

He said he believes with increased Taiwan investments in his country, especially in the newly developed Subic Bay, bilateral cooperation and exchanges will be further strengthened.

National Development Seminar Opens

OW1707111995 Taipei CNA in English
0950 GMT 17 Jul 95

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, July 17 (CNA) — A democratic and prosperous Taiwan is a model for Mainland China and Taiwan's development experience could form the basis of a unified China, ROC [Republic of China] President Li Teng-hui said in a written address to the opening of the national development seminar Monday.

In the address, read by presidential Secretary-General Wu Po-hsiung, Li said Taiwan's democracy and prosperity is the result of over four decades of efforts by the people. To continue this growth, he said, the government is now working to develop Taiwan into an Asia-Pacific regional operations center.

Li also said that a unified and strong China is the common wish of the peoples on both sides of the Taiwan Strait. He said that Taiwan has pursued a pragmatic policy in recent years to forge bilateral trust and facilitate the peaceful unification of China.

Premier Lien Chan also said at the opening that although relations across the Taiwan Strait are temporarily

strained, he believed that Taiwan's patience and goodwill in dealing with Mainland China will pay off.

Lien added he believes that future development between the two sides will be more positive than negative.

The six-day seminar, with the theme "Marching Toward the 21st Century - Goals and Strategies of National Development," opened Monday after a four-year hiatus.

The national development seminar was first held in 1972 and has been held 18 times over the past 23 years.

Lien said he hopes the experts' opinions will help the government map out a more comprehensive plan for major projects.

Some 250 scholars from home and abroad will participate in the seminar. A total of 60 papers will be delivered at the meeting.

The participants will be divided into ten groups to discuss social welfare, economic development, transportation development, cultural development, science and technology development, medical development, environmental protection, labor problems, agricultural development, and cross-Taiwan Strait relations.

This is the first time that cross-strait relations have been included in the seminar. Participants will focus on the direction of government policy after Hong Kong and Macao return to Mainland Chinese rule, cultural and educational exchanges across the Taiwan Strait, ways to promote complementary relations through participating in international activities, and consideration of the economy and national security in bilateral exchanges.

The seminar will close July 22.

Taiwan Supplying Foreign Capital to East Asia

OW1707115095 Taipei CNA in English
0843 GMT 17 Jul 95

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, July 17 (CNA) — Taiwan is the main foreign capital supplier to Southeast Asia and Mainland China, officials with the Council for Economic Planning and Development (CEPD) said Monday.

With huge accumulated excess savings, Taiwan has emerged as a major investor in foreign countries, the officials noted, stressing that Taiwan was also the first newly industrialized nation to register a net capital outflow.

Taiwan and other newly industrialized countries previously depended on foreign capital to fuel their economic development. Now, however, Taiwan and other nations are capable of exporting their capital, the officials noted.

Taiwan first posted a net capital outflow in 1988, followed by South Korea in 1990. Singapore continues to post a net capital inflow because of large foreign investments in the city-state, the officials said.

Taiwan's direct overseas investment topped US\$6.95 billion in 1989. Deducting direct foreign investment in Taiwan, net capital outflow that year was US\$5.35 billion.

Although direct investment fell in [words indistinct] of reduced savings and strong domestic investment willingness, the officials said, Taiwan still led Hong Kong, South Korea and Singapore in direct overseas investment.

Most of Taiwan's capital went to the United States, Southeast Asia and Mainland China, the officials said, adding that investment in Southeast Asia, especially Vietnam, increased sharply in recent years.

Up to the end of last year, Taiwan's direct investment in Vietnam reached US\$1.9 billion, topping other foreign investors. Taiwan's investment in Malaysia was the second highest, while investment in the Philippines and Thailand ranked fourth and investment in Indonesia ranked seventh.

Taiwan To Ease Restrictions on Foreign Insurers

OW1807033395 Taipei CNA in English
0112 GMT 18 Jul 95

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, July 17 (CNA) — Taiwan has decided to ease restrictions on foreign insurers, moving itself further along the road of financial liberalization, a finance official said Monday.

Cheng Chi-shih, director of the finance ministry's Insurance Department, said his department has revised the guidelines covering the licensing of foreign insurers.

Foreign insurers wanting to set up branch offices here now will only need show a record of "healthy operations" and "capable management" over the past three years, as well as a five-year record of no legal infringements.

Under the old requirements, foreign insurers wanting to set up a branch office here first had to have a Taiwan liaison office in operation for one year, have paid-in capital above NT [new Taiwan] \$1 billion (US\$38.16 million), a net value of more than NT\$2 billion (US\$76.32 million), and been in the insurance business for more than five years.

The period of application for the establishment of such branches will be extended from the current one month

to three months to facilitate the implementation of the relaxed measures, he said.

The current restrictions on the number of branches each foreign insurer can have will also be lifted, he pointed out.

Currently, only foreign insurers who have had one or more branch offices here for at least two years, with each branch's net value exceeding NT\$50 million (US\$1.91 million), are allowed to apply for the establishment of more branch offices.

President Seeks Input on Overseas Development

OW1807034595 Taipei CNA in English
0138 GMT 18 Jul 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, July 17 (CNA) — President Li Teng-hui on Monday hailed the performance of Taiwan business people abroad, describing their success as a new energy for overseas Taiwan communities.

Li made the remarks during a meeting with a dozen representatives of the world joint council of Taiwanese chambers of commerce at the presidential office.

While stressing the government's determination to play a more active role in the international community, Li called on Taiwan business people around the world to make greater contributions to their motherland, saying that he believed their emerging economic strength would be crucial to the nation's future development.

Earlier in the day, Yu Sheng-ching was elected the new head of the joint council, and pledged to join forces with the government to promote its pragmatic diplomacy.

Yu, the current chairman of the Council of Taiwanese Chambers of Commerce in Asia and also the head of the Taiwan Council of Commerce in Thailand, was elected to the post by council representatives from all over the world during the group's second annual conference at the Howard Plaza hotel in Taipei.

Yu will take over from Tsai Jen-tai, the chairman of the Taiwan council of commerce in North America.

Speaking after his election, Yu promised to do his best to help the government win admission to international organizations and to promote overseas visits by president Li Teng-hui. He praised Tsai for his efforts in pushing for president Li's landmark visit to the United States last month.

In addition, in a bid to help promote the government's southbound investment strategy and its ambitious plan to work Taiwan into an Asia-Pacific operations hub, Yu revealed that four working parties will be set up

within the joint council to offer better services to Taiwan businessmen around the world and to help enhance the economic development of the host countries of council members.

The World Joint Council of Taiwanese Chambers of Commerce is composed of Taiwan business people based in Asia, Europe, North America and Africa. New members are expected after the Taiwan Council of Commerce in Latin America is set up in August, according to Yu.

Chiang Pledges To Protect National Investors

OW1807035495 Taipei CNA in English
0119 GMT 18 Jul 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, July 17 (CNA) — Economic affairs minister P.K. Chiang said on Monday that the ROC Government will continue to protect Taiwan investors abroad, especially given the huge number of Taiwan-invested businesses in Asia.

"Active steps have been taken to push for the signing of bilateral investment-guarantee agreements and double-taxation- avoidance pacts," Chiang said while attending the second annual meeting of the World Joint Council of Taiwanese Chambers of Commerce.

As of now, Singapore, Indonesia, the Philippines, Malaysia, and Vietnam have sealed bilateral investment-guarantee accords with the ROC, Chiang pointed out, adding that Thailand signed a draft pact with Taiwan last October.

In addition, Chiang said, Singapore and Indonesia have signed formal pacts with Taiwan to avoid double taxation on investments from the two sides. Malaysia and Vietnam have followed suit, signing draft agreements in June 1994 and May, respectively, Chiang said.

Chiang said those countries have every reason to ink such pacts on grounds that they will assure the interests and rights of Taiwan investors in those countries in the absence of official diplomatic links between them and the ROC Government, thus luring more Taiwan investments.

As of March 1995, Taiwan's overseas investments had accumulated to US\$58.3 billion — the 12th-largest total in the world. Of the total, US\$46.7 billion, or 80 percent, went to Asia.

For the government's part, efforts have focused on establishing Chinese-language schools and industrial zones in countries targeted by Taiwan investors, Chiang

said, adding that Chinese-language schools will open in Bangkok and Ho Chi Minh city in the months ahead.

According to statistics compiled by the world trade organization, Taiwan's foreign trade totaled US\$178.5 billion last year, making it the 14th-largest trading country in the world. Taiwan's trade with its Asian partners totaled US\$86.8 billion, commanding 49 percent of its aggregate external trade.

Chien Arrives in Guatemala

*OW1807111095 Taipei CNA in English
0840 GMT 18 Jul 95*

[By Huang Kwang-chun and Danielle Yang]

[FBIS Transcribed Text] Guatemala City, July 17 (CNA) — Republic of China [ROC] Minister of Foreign Affairs Chien Fu arrived in Guatemala Monday to attend the fourth mixed commission foreign minister meeting between the ROC and Central America.

Chien was greeted upon arrival by Guatemala's Foreign Affairs Minister Alejandro Maldonado and other ranking officials. ROC Ambassador to Guatemala Francisco Ou, embassy staff and overseas Chinese representatives were also on hand to welcome Chien. This is his second visit to Guatemala.

Maldonado said at the welcoming ceremony that Chien's visit emphasizes the friendly relationship between the ROC and Guatemala and will further cement cooperative ties between the two countries.

While here, Chien will meet with Guatemalan President Ramiro de Leon and speak at the Guatemalan Congress. Chien will also be decorated by the Congress.

Chien will confer medals on behalf of the ROC Government on Guatemala Congress leader Efrain Rios Mont, deputy congress leader Juan Francisco Reyes, ROC-Guatemala Congressmen Association leader Arturo Soto, and former Guatemala Congress leader Madame Anabella Castro de Comparin in recognition of their contributions to friendly ties between the two countries.

The Guatemala congress will also decorate ROC President Li Teng-hui with Chien receiving the honor on behalf of Li.

Chien will visit Panama after the July 19-20 mixed commission meeting, which will bring together foreign ministers from seven Central American countries, including Belize, Guatemala, Honduras, El Salvador, Nicaragua, Panama and Costa Rica.

Indonesia Seeks Agricultural Development

*OW1807044295 Taipei CNA in English
0151 GMT 18 Jul 95*

[By P.C. Wu and Flor Wang]

[FBIS Transcribed Text] Jakarta, July 17 (CNA) — Indonesian President Suharto on Monday expressed the hope that the Republic of China [ROC] could share its experience in developing its agricultural regime in order to help improve the lives of Indonesian farmers.

Suharto made the remarks when meeting with visiting Council of Agriculture Chairman Sun Ming-hsien. Lu Pao-sun, ROC representative to Indonesia, was also present at the meeting.

Sun, leading an agricultural-inspection delegation, arrived in Jakarta on July 12 to seek possible investment and joint-venture opportunities.

In addition to conveying greetings from president Li Teng-hui and premier Lien Chan, Sun also gave a report to Suharto on his tour of Indonesia.

Suharto is very concerned about helping Indonesian farmers raise their standards of living, Sun said after the meeting.

During their stay, Sun and his party also visited high-ranking Indonesian agricultural and national-development officials.

The delegation left for Singapore Monday evening after concluding a week long visit here.

Agricultural Imports Rising 'Steadily'

*OW1707115495 Taipei CNA in English
0925 GMT 17 Jul 95*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, July 17 (CNA) — Taiwan has become a major farm produce and food importer, with annual agricultural imports rising steadily, according to government tallies.

Taiwan's arm trade amounted to US\$12.7 billion in 1994, with exports standing at US\$4.7 billion and imports totaling US\$8 billion.

In preparation for its entry to the World Trade Organization (WTO), Taiwan has opened its agricultural market wider in recent years. As a result, Taiwan has emerged as America's fifth largest agricultural market. It imported US\$2.14 billion worth of farm goods from the United States in 1994, the highest amount in 24 years. Other farm goods exporters such as Australia,

New Zealand and France have also attached great importance to the Taiwan market.

Trade officials warned that once Taiwan further reduces its tariff and non-tariff protective measures in line with WTO requirements, local farmers and foodstuff manufacturers will be hit even harder.

Taiwan's agricultural imports increased 11.3 percent in 1994 as compared with the 1993 level, with food train, down and dairy products registering the largest growth rates.

Taiwan has promised to open its rice market after joining the WTO. By then, it must also lift its import bans on sugar, peanut, adzuki bean, garlic, mushroom and potato. As domestic prices for those items are usually two- to four-times higher than international prices, Taiwan growers may not be able to survive foreign competition, the officials warned.

Hog and chicken raisers will also be affected after market opening as local pork and chicken prices are 1.5- to two-times higher than average world market prices, the officials said.

They urged the government to work out a comprehensive package of measures to help local farmers and food processors overcome the difficulties resulting from Taiwan's accession to the WTO.

Economic Ministry Notes Japanese Export Figures

OW1807055295 Taipei CNA in English
0209 GMT 18 Jul 95

[By Y.C. Tsai]

[FBIS transcribed Text] Taiwans trade deficit with Japan might jump to US\$17 billion this year, the Ministry of Economic Affairs said Monday.

Ministry officials said they made the prediction based on customs-clearance trade figures which show that Taiwan sold US\$6.13 billion worth of goods to Japan in the first half of this year, up 32.4 percent from the year-earlier level, while imports from Japan increased 25.4 percent to US\$15.02 billion, leaving Taiwan an imbalance of US\$8.89 billion.

In aggregate, two-way trade between Taiwan and Japan totaled US\$21.15 billion from January through June, accounting for 20.2 percent of Taiwans foreign trade volume.

The six-month trade imbalance with Japan represented a rise of 20.9 percent from the year-earlier period, the officials pointed out. Taiwan suffered a trade deficit of US\$14.42 billion with Japan in 1994.

During the first six months of this year, machinery and electrical-engineering equipment as a whole remained Taiwans no. 1 export item to Japan, accounting for US\$1.88 billion, or 30.6 percent, of total exports. Meat and fish products came in second at US\$1.05 billion, or 17.2 percent of total exports. Other major export items included plastics, furniture, sporting goods, auto and motorcycle parts, and steel and aluminum products.

Meanwhile, electrical-engineering equipment and machinery commanded a big share of 48.5 percent, or US\$7.29 billion, of Taiwan imports from Japan.

Council Encourages International Advertisement

OW1807110995 Taipei CNA in English
0847 GMT 18 Jul 95

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, July 18 (CNA) — The China External Trade Development Council (CETRA) has drawn up a plan to encourage Taiwan companies to advertise their products in the international media to help upgrade brand awareness.

Under the "carrot plan," CETRA will offer a maximum NT [new Taiwan] \$500,000 (US\$19,230) in aid for each product advertisement in the professional international print media.

"The program mainly aims to encourage local companies, particularly small- and medium-sized enterprises, to walk out into the world and promote their product image," CETRA officials said.

The semi-official trade promotion organization has set aside a budget of NT\$62 million (US\$2.38 million) for the promotion program for fiscal 1996, which began on July 1, 1995, the officials said.

"We'll be able to subsidize 124 advertisements this fiscal year," the officials said, adding the budget may increase in the next fiscal year if the program is successful.

Only companies that have received a "mark of excellence" from CETRA can apply for advertisement aid under the carrot plan. They will also be required to include the "mark of excellence" in their advertisements to help upgrade Taiwan products' image in the international community.

CETRA will assume 25 percent of the expense for each advertisement, but the subsidy for a single case can not exceed NT\$500,000.

Moreover, advertisements in the Taiwan and Mainland Chinese media will not be included in the aid program.

Advertisements on international electronic media will also be excluded.

CETRA has presented the carrot plan to the Ministry of Economic Affairs for review and approval. Applications will be accepted after Sept. 1.

According to a CETRA survey conducted in May, more than 80 companies are interested in applying for aid to advertise their products in the world media to upgrade their brand awareness and business reputation in world markets.

Bank To Issue NT\$-Denominated Bonds in Aug

*OW1707115595 Taipei CNA in English
0933 GMT 17 Jul 95*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, July 17 (CNA) — The Asian Development Bank (ADB) will issue new Taiwan [NT] dollar-denominated bonds worth US\$100 million in Taiwan in August to raise funds for financing major development projects in less-developed ADB member countries.

This will be the first time the 55-member regional financing institution has floated NT\$-denominated bonds. In 1991-1993, the ADB issued three batches of US\$-denominated Dragon Bonds here to raise funds.

Taiwan's state-run Chiao Tung Bank, leading underwriter of the ADB bonds, sponsored a presentation Monday [17 July], introducing technical details for investing in the NT\$-denominated ADB bonds, which will be formally issued on Aug. 2.

Speaking at the presentation, Chiao Tung Bank President Chao Chieh-chien said the ADB issuance of NT\$-denominated bonds is expected to help boost Taiwan's financial internationalization.

The new ADB bonds will mature in seven years at an interest rate of 6.75-7 percent, Chao said, adding the ADB will refer to the YTM (yield to maturity) for the ROC Government-issued seven-year bonds in deciding the exact selling price and interest rate for its NT\$ bonds on Tuesday.

Senior finance officials said the issuance of the ADB bonds will not lead to a capital crunch here now that the local market is still awash with idle funds.

The bank consortium underwriting the ADB bonds will begin to accept purchase orders Tuesday. The consortium [words indistinct] 10 local banks and securities firms with Chiao Tung Bank as leading underwriter and Chinatrust Commercial Bank as co-leading underwriter.

Among co-underwriters are the Farmers Bank of China, the International Commercial Bank of China, United World Chinese Commercial Bank, Chun Yi Securities Co. and President Securities Corp.

The consortium is scheduled to sign an underwriting agreement with the ADB on July 26 at the Central Bank of China (CBC) head office. The ceremony will be co-chaired by CBC Governor Sheu Yuan-dong and the ADB finance director.

Prospective investors are required to make payments for their purchases between July 26 and Aug. 1.

Starting Aug. 5, the ADB bonds will be traded on the Taiwan Stock Exchange and over-the-counter market. Each piece will have a face value of NT\$1 million.

Interest earned on the ADB bonds will be tax-free.

Aviation Pacts With Hong Kong, Macao Due in Oct

*OW1807111195 Taipei CNA in English
0857 GMT 18 Jul 95*

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, July 18 (CNA) — Aviation rights negotiations between Taiwan and Hong Kong, and between Taiwan and Macao are expected to bear fruit by the end of October, a ranking official said Tuesday [18 July].

Tsai Ching-yen, director-general of the Civil Aeronautics Administration, pointed out that Taiwan will insist on the "multiple-appointment" principle in the new aviation agreements with Hong Kong and Macao, under which more than one airline from each side will be allowed to fly the two routes.

Currently, only Taipei-based China Airlines and Hong Kong-based Cathay Pacific Airways are allowed to fly between Taiwan and Hong Kong, while a maiden flight between Taiwan and Macao is expected to be made following the opening of Macao International Airport in November.

Taiwan also holds that the two air pacts should extend beyond 1997 and 1999, when Hong Kong and Macao revert to Beijing rule, Tsai noted.

On whether Mainland Chinese-owned airlines can open branch offices in Taiwan and whether Mainland China passport holders can work in Taiwan, Tsai said that the two issues have yet to be decided by the Mainland Affairs Council, Taiwan's top government agency in charge of mainland affairs.

Hong Kong

Police 'Can Do Little' To Stop Boat Raids

HK1807064695 *Hong Kong SOUTH CHINA MORNING POST* in English 18 Jul 95 p 3

[By Scott Mckenzie]

[FBIS Transcribed Text] Vietnamese operating in small boats are behind a six-week campaign of "plundering and pillaging" homes and businesses on outlying islands police say.

The raiders are believed to be using sampans and operating from a mother ship anchored in Chinese waters. But officers can do little, because government policy says that if Vietnamese are picked up, but are not caught committing a crime they must be released and given food, water and fuel if required. It is also understood that the police are being discouraged from charging Vietnamese involved in such crimes because of concern that they could be left in jails after 1997. China has indicated that it does not want any Vietnamese boat people in Hong Kong when it resumes sovereignty. Marine Police are now considering their options and may approach the Security Branch to see what can be done at a policy level.

The latest swoop on Vietnamese came early yesterday when a group of nine were picked up south of Stonecutters Island naval base. They told police they were on their way to South Korea, but did not need provisions.

Islands District Commander Senior Superintendent Morgan Majurey confirmed police believed that Vietnamese raiders were responsible for about 30 crimes in the past six weeks in which items including outboard motors, clothing and foodstuffs had been stolen. He said people on small sampans and on land had been detained "everywhere from Lantau to Lamma to Cheung Chau and the southern part of Hong Kong Island".

About 100 Vietnamese had been picked up over the period, but most had been released and seen out of Hong Kong waters after they said they were seeking asylum elsewhere. Only about three people had been arrested and charged.

Mr Majurey said the people normally claimed they were on their way to Japan to seek asylum. He said he could not provide any more details. Many of those intercepted have been identified operating in Hong Kong waters at night by Marine Police using night observation equipment, but mounting such operations are said to be "hit and miss" because of the vast area to cover.

One officer said it was possible that some Vietnamese who escaped in Sunday's mass breakout from High Island detention centre would try to link up with the

raiders. "I'm sure they don't want to go back to Vietnam but maybe they can make some money operating with this group and not have to go back," the officer said.

Under Hong Kong's Millport policy, Vietnamese saying they are seeking asylum elsewhere are allowed to leave Hong Kong and are supplied with fuel and provisions if necessary. If they choose to stay in Hong Kong they are placed in detention and undergo the refugee screening process.

Police sources said yesterday that people convicted of burglary and associated offences could be jailed for more than two years. This would leave them in prison under the Special Administrative Region authority something the Government would prefer to avoid. A Security Branch spokesman could not be contacted last night.

Patten May Appoint PWC Member to Council

HK1807090395 *Hong Kong HONGKONG STANDARD* in English 18 Jul 95 p 1

[By Flora Wong]

[FBIS Transcribed Text] Governor Chris Patten has not ruled out the possibility of appointing a Preliminary Working Committee member to the Executive Council, depending on the result of the Legislative Council elections, a government official said.

The official, who is close to the Executive Council, said Mr Patten did not have any names in mind for the Executive Council reshuffle, but he would certainly look at how to balance political power after the September elections.

Though it is not likely Mr Patten will appoint any member of a political party to the council, a strong pro-Beijing political party presence in the Legislative Council would certainly affect his appointment, the official said.

The pro-Beijing Hong Kong Democratic Alliance for the Betterment of Hong Kong is fielding at least eight candidates in the coming Legislative Council elections. "If he has anyone in mind, he will not evade appointing him or her if the person is a Preliminary Working Committee member," the official said.

Chinese People's Political Consultative Conference Standing Committee member Tsui Sze-min has publicly asked Mr Patten to appoint someone from the Chinese government think-tank pool to the Executive Council, in exchange for civil servants' serving on the Preparatory Committee to be established next year.

The official said the Executive Council already included Tung Chee-hwa, a member of the Chinese People's Political Consultative Conference, and industrialist Raymond Chien Kuo-fung. Although other officials had earlier suggested Mr Patten might remove some pro-Beijing members from the council, Mr Patten might now act to the contrary because of the changed circumstances. Mr Patten was also expected not to fill the post of Senior Executive Councillor, vacated after the resignation of Baroness Dunn.

The official pointed out that Mr Patten was very likely to keep the Legislative and Executive councils separate, meaning that no Legislative Council members would be appointed.

Panel To Review Scheme for PRC Professionals

HK1807085895 Hong Kong HONGKONG STANDARD in English 18 Jul 95 p 4

[By Frances Wu]

[FBIS Transcribed Text] The Education and Manpower Branch is to review the pilot scheme governing the entry to Hong Kong of mainland professionals.

The review will, most significantly, assess the consequences in the local professional community of the recognition of overseas academic qualifications.

The government is to brief legislators today at the Legislative Council Manpower Panel meeting on the progress of the pilot scheme. But the branch says it is premature to review the scheme now, even though it was launched in March 1994, since its impact on the labour market has yet to be fully felt.

At its launch, the pilot scheme capped at 1,000 the number of work visas to be issued to mainland professionals to work in the territory. The branch says only one-fifth of the 1,000 positions have been filled and suggests the review starts in the autumn and is completed in December.

The government received 3,129 requests for positions from 667 companies when the scheme began. Branch statistics show that 637 positions under the 1,000-position cap have been applied for but only 203 had been granted visas by 1 July, 1995. The majority of visa-approved positions were for engineers, administrators and marketing executives.

The review will cover the quota cap, the quota allocation mechanism, the list of mainland institutions from which mainland professionals should be allowed and the impact on the local professional ranks of overseas academic qualifications. The scheme restricts entry to graduates from the 36 key Chinese institutions who

possess special qualifications and experience which are in demand but not available here.

Barristers Urge Legco To Approve Court Bill

HK1807064795 Hong Kong SOUTH CHINA MORNING POST in English 18 Jul 95 p 1

[By Chris Yeung]

[FBIS Transcribed Text] A group of prominent barristers has called on legislators to approve the Court of Final Appeal bill, warning that factional opposition would create uncertainty over the territory's future legal system.

In a joint statement, 11 Queen's Counsel said there would not even be a good appeal court if members insisted on getting a perfect one. "We think it would not be in the community's best interests for the Legislative Council to reject the bill outright," they say.

The barristers include former attorney-general Michael Thomas, Cheng Huan, Andrew Liao, Alan Hoo, Robert Ribeiro, Adrian Huggins, Denis Mitchell, Clive Grossman, Michael Lunn, Nigel Aiken and John Bleach.

Martin Lee Chu-ming, a leading barrister, said last night he was extremely disappointed with the statement, saying "they want us to be a rubber-stamp". "It's a political opinion, but not a legal opinion. It makes little difference from one written by 11 ordinary people," he said, likening their move one of "factional opposition to the Bar Council". Mr Lee maintained that the court formed under the bill would be even worse than the one provided by the draft bill submitted to the Bar Association for consultation last year.

He pointed to the timetable, provisions of the "acts of state" and restrictions on the number of overseas judges at the court. "It's totally correct for the Bar Council to maintain its opposition. I will resign from the Bar if the Council makes a U-turn. "As a responsible QC, [I think] we should strive for the best bill . . . We are not rejecting the bill outright, but [want] to make amendments for a better one." The move by the group came about one week before the bill is to be tabled to the last sitting of the current Legco session for approval.

The 11 barristers admitted in the statement they had hoped "for something better than [that] offered by the current bill". They said the two governments had interpreted the provisions of the Joint Declaration "too narrowly". "They dashed our hopes for a Court in which more than one eminent jurist from another jurisdiction could, at least in important cases contribute to the development of Hong Kong's common law."

The barristers noted that the Council of the Bar Association had not consulted its members since the Bar held an extraordinary general meeting in December. Members opposed the draft bill then being circulated, but considered it desirable to set up the CFA before 1997, provided it conformed to the Joint Declaration and the Basic Law.

Passport Holders May Need Visas After 1997
*HK1807070495 Hong Kong EASTERN EXPRESS
in English 18 Jul 95 p 2*

[By Sam Mok]

[FBIS Transcribed Text] Holders of the British National (Overseas) passport may need visas to visit foreign countries after July 1997, because the Government has not yet obtained China's approval to negotiate a visa-free agreement with any country.

Currently 81 countries allow BN(O) passport holders visa free entry. Three of them Poland, South Africa and Thailand — have arranged with the Hong Kong Government that BN(O) passport holders enjoy visa-free treatment. Ten countries, including Italy, Belgium and Switzerland, allow the same treatment by virtue of formal visa abolition agreements with the United Kingdom. The other 68 countries are not bound by any agreement.

Yesterday, at the Legislative Council's constitutional affairs panel, the Secretary for Constitutional Affairs,

Nicholas Ng, said all visa-free arrangements would lapse after July 1997. "The countries give Hong Kong the [current] treatment because of Hong Kong's status as a British colony," he said. "Re-negotiations will be needed to extend the arrangements. But any bilateral agreement between Hong Kong and a foreign country with effect beyond 1997 must be approved by the Chinese side. "So far the issue has not been discussed in the Joint Liaison Group [JLG], so we cannot start negotiation."

Ng, giving a report on the progress of the JLG, said the Government had suggested twice to China, in August 1992 and June 1994, making visa free agreements with foreign countries. There is a similar problem over the special administrative region passports, he said. "Because China has not decided on the definition of permanent residency, it is impossible to negotiate with other countries about visa exemption," Ng said.

He also said five countries had entered into extradition treaties with Hong Kong that would be effective beyond 1997, and 12 more were under negotiation. Presently, 94 countries have extradition arrangements with Hong Kong.

Legislators voiced their fears that Hong Kong might become a haven for foreign criminals after 1997 if the process was not speeded up. The panel also resolved to express concern over the lack of progress of the JLG.

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